



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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April 10, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO AWARD MASTER AGREEMENTS FOR
AS-NEEDED CONTRACT AUDITS/STUDIES
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Auditor-Controller to execute Master Agreements substantially similar to Attachment III, with a maximum of 49 firms listed on Attachments I and II, after the Auditor-Controller determines these firms meet the Department's requirements to perform as-needed contract audits/studies, effective upon execution through June 30, 2011, with three (3) optional two-year renewal periods exercisable by the Auditor-Controller.
2. Authorize the Auditor-Controller to execute agreements with additional firms as they meet the Department's requirements for contract audits/studies and execute applicable agreement amendments when the original contracting entity has merged, been purchased or otherwise changed.
3. Authorize the Auditor-Controller to amend the Master Agreements to remain in compliance with Board policy, County Code, federal and State Laws and to increase operational effectiveness as new technology emerges.
4. Authorize the Auditor-Controller to execute Work Orders issued under the Master Agreements and to add Project Types to individual Master Agreements when firms meet the Auditor-Controller's requirements for Financial/Compliance Audits, Management Audits and Studies.

"To Enrich Lives Through Effective and Caring Service"

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

On July 17, 2001, your Board approved and executed the latest nonexclusive Master Agreement for as-needed contract audits/studies for each firm deemed qualified based on the evaluation criteria contained in the Request for Proposals issued in 2001. These Master Agreements expired on December 31, 2006. Twenty-one of the prior Master Agreement firms (Attachment I) and 28 new firms (Attachment II) provided a proposal for a new Master Agreement.

The Master Agreement process has proved to be very successful. During the 19 years since Master Agreements were first approved, the projects performed have ranged from small financial audits and studies to comprehensive management reviews. By contracting, we have been able to quickly respond to the County's needs for audit services when Audit Division staff was not available, and to obtain services which required expertise that our staff did not possess. The Audit Division has closely reviewed the contractors' performances and ensured the contractors delivered high quality services and superior final products.

Implementation of Strategic Plan Goals

These agreements are (collectively) one of the tools the Auditor-Controller uses to monitor financial procedures and internal control standards, and to provide expert advice to policy-makers and managers to improve accountability, efficiency, and effectiveness of County operated programs. Therefore, the recommended action supports the Countywide Strategic Plan Goal Number 3, Organizational Effectiveness; and Goal Number 4, Fiscal Responsibility by effectively managing County resources.

FISCAL IMPACT/FINANCING

Expenditures under these agreements will vary from year to year based on the needs of County departments. Departments have the responsibility for ensuring they have adequate funding prior to requesting services under this Master Agreement. Funding for these services is included in the Fiscal Year 2006-07 adopted Auditor-Controller and departments' budgets. Subsequent years funding will be requested in the fiscal year budgets for each annual term and any extensions. Expenditures over the term of the agreements in any given year will remain within each department's budget appropriation for such services. Contractors will not be asked to perform services which exceed the dollar amounts, scope of work and dates specified in each individual work order.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Each of the firms we are recommending for a Master Agreement (after they meet the Auditor-Controller's requirements to perform as-needed contract audits/studies) was either previously approved for a prior Master Agreement (21 firms - Attachment I) or are

new firms (28 firms - Attachment II) that have proposed to perform one or more of the three project types: Financial/Compliance Audits, Management Audits and Studies.

When individual projects can be most expediently and/or cost effectively performed by an independent contractor, we prepare the solicitation documents and notify all firms that have been pre-qualified for the specific project type. To allow all firms to compete for larger projects, each firm is given the opportunity to form project teams by subcontracting with other firms.

After interested firms submit proposals to the Auditor-Controller, an evaluation committee, often composed of individuals from multiple departments, reviews the proposals and recommends a firm for the project. As previously agreed with your Board, we will inform you in writing of each proposed project which exceeds \$100,000, prior to finalizing the contract. The notice will outline the scope of the specific project.

The terms and conditions of the proposed Master Agreement have been approved as to form by County Counsel.

All of the firms that we are recommending for Master Agreements (after they meet the Auditor-Controller's requirements to perform as-needed contract audits/studies) will be required to comply with the Health Insurance Portability and Accountability Act of 1996 and to abide by the County Lobbyist Ordinance. The Master Agreement contains the Board's required contract provisions including those pertaining to consideration of qualified County employees targeted for layoff as well as qualified GAIN/GROW participants for employment openings and compliance with the Jury Service Ordinance, Safely Surrendered Baby Law and the Child Support Program.

The Master Agreement is not a Proposition A agreement due to the extraordinary professional nature of the services provided and, therefore, not subject to the Living Wage Program (County Code Chapter 2.201). It has been determined that the services under these agreements do not impact Board Policy No. 5.030, "Low-Cost Labor Resource Program," because of the specialized training needed to perform the work.

CONTRACTING PROCESS

When planning the selection process for the new Master Agreement, we increased our outreach by working with the Internal Services Department and posting the solicitation on the Los Angeles County's Bids and Awarded Bids & Contracts Web page. On March 1, 2007, notice of the posting of the Request for Proposals was emailed to 1,296 independent accounting and consulting firms. As a result of the solicitation, there is a maximum of 49 firms which, if the Auditor-Controller determines these firms meet the Department's requirements to perform as-needed contract audits/studies, will be part of the new Master Agreement. Of the 49 firms, 21 are prior Master Agreement firms (Attachment I) and 28 are new firms (Attachment II).

Approval of the Master Agreement does not guarantee a contractor any minimum amount of business. However, upon execution of individual Master Agreements, the vendors become active contractors and thereafter they will, from time to time, be solicited under competitive conditions to provide as-needed contract audits/studies. The County only incurs an obligation as Work Orders are issued. Awards will be made to the most qualified contractor based on pre-determined selection criteria. Contractors certified as a Local Small Business Enterprise (LSBE) will receive the LSBE preference on their individual work order bids.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Master Agreements will give the Auditor-Controller the authority and flexibility to efficiently contract for any needed expertise or manpower to perform as-needed contract audits/ studies.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return a stamped copy of the approved Board letter to the Auditor-Controller.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Tyler McCauley". The signature is fluid and cursive, with the first name "J. Tyler" and last name "McCauley" clearly distinguishable.

J. Tyler McCauley
Auditor-Controller

JTM:MMO:KVO

Attachments

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel

Prior Master Agreement Firms *

1. **Arroyo Associates, Inc.**
3452 East Foothill Blvd., Suite 810, Pasadena, CA 91107-3140
2. **blueCONSULTING, INC.**
P.O. Box 1397, Palm Desert, CA 92261-1397
3. **Brown Armstrong Paulden McCown Starbuck & Keeter Accountancy Corporation**
4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309
4. **Harvey M. Rose Accountancy Corporation**
1390 Market Street, Suite 1025, San Francisco, CA 94102
5. **Justice Served**
3144 Broadway, Suite 4-500, Eureka, CA 95501-3838
6. **KH Consulting Group**
1901 Avenue of the Stars, Suite 1900, Los Angeles, CA 90067
7. **KPMG LLP**
355 South Grand Avenue, Suite 2000, Los Angeles, CA 90071-1568
8. **Lopez and Company, LLP**
3452 East Foothill Blvd., Suite 820, Pasadena, CA 91107
9. **M. R. Grant, CPA**
6333 Wilshire Blvd., Suite 511, Los Angeles, CA 90048
10. **Macias, Gini & O'Connell, LLP**
515 South Figueroa Street, Suite 325, Los Angeles, CA 90071
11. **Mayer Hoffman McCann, P.C.**
2301 Dupont Drive, Suite 200, Irvine, CA 92612
12. **Mercer Human Resource Consulting, Inc.**
777 South Figueroa Street, Suite 2000, Los Angeles, CA 90017
13. **MGT of America, Inc.**
455 Capitol Mall, Suite 605, Sacramento, CA 95814
14. **Moss, Levy & Hartzheim**
9107 Wilshire Blvd., Suite 400, Beverly Hills, CA 90210

* These firms have submitted proposals that need to be reviewed by the Auditor-Controller to ensure they meet the minimum requirements for as-needed contract audits/studies.

Prior Master Agreement Firms *

- 15. Qiu Accountancy Corporation**
3550 Wilshire Blvd., Suite 1760, Los Angeles, CA 90010
- 16. Simpson & Simpson, CPAs**
3600 Wilshire Blvd., Suite 1710, Los Angeles, CA 90010
- 17. Sjoberg Evashenk Consulting, LLC**
455 Capitol Mall, Suite 700, Sacramento, CA 95814
- 18. The Resources Company**
560 Dewey Blvd., San Francisco, CA 94116-1427
- 19. Thompson, Cobb, Bazilio & Associates, PC**
21250 Hawthorne Blvd., Suite 500, Torrance, CA 90503
- 20. Vasquez & Company LLP**
510 West Sixth Street, Suite 400, Los Angeles, CA 90014-1315
- 21. Wang Professional Corporation**
1936 Huntington Drive, Suite 202, South Pasadena, CA 91030-4859

* These firms have submitted proposals that need to be reviewed by the Auditor-Controller to ensure they meet the minimum requirements for as-needed contract audits/studies.

New Master Agreement Firms *

1. **ACS Healthcare Solutions**
5525 Auto Club Dr, Dearborn, MI 48126
2. **AEF Systems Consulting**
8502 East Chapman Ave, Suite 376, Orange, CA 92869
3. **AFRA Consulting**
4551 Glencoe Avenue, Suite 245, Marina Del Rey, CA 90292
4. **Ashpaugh & Sculco, CPAS, PLC**
1133 Louisiana Avenue, Suite 106, Winter Park, FL 32789
5. **Carson, Huffer & Giordano, LLC**
113 West G Street # 134, San Diego, CA 92101
6. **Chen & Fan Accountancy Corporation**
9660 Flair Drive, Suite 300, El Monte, CA 91731
7. **Cotton & Company, LLP**
635 Slaters Lane, 4th Floor, Alexandria, VI 22314
8. **EB5C, LLC**
1514 Falling Star Avenue, Westlake Village, CA 91362
9. **Forman Consulting**
3730 East 5th Street, Long Beach, CA 90814
10. **Gary Bess Associates**
389 Wayland Road, Paradise, CA 95969
11. **GCAP Services**
18818 Teller Avenue, Suite 275, Irvine, CA 92612
12. **IMRG Staffing Solutions Inc.**
4640 Forbes Blvd., Suite 200A, Lanham, MD 20706
13. **Intelligent Directions Consulting, LLC**
70225 State Highway 111, Suite C-318, Rancho Mirage, CA 92270
14. **James P. Richardson CPA**
312 9th Street, Suite 200, Richmond, CA 94801

* These firms have submitted proposals that need to be reviewed by the Auditor-Controller to ensure they meet the minimum requirements for as-needed contract audits/studies.

New Master Agreement Firms *

- 15. Jessie and Susan Business/Management Consultants**
3699 Wilshire Blvd., 850, Los Angeles, CA 90010
- 16. Jones & Company Professional Consultants**
6014 Roosevelt Place, Fontana, CA 92336
- 17. Outlook Associates, LLC**
17862 East 17th Street, Suite 207, Tustin, CA 92780
- 18. Program Planning Professionals (Pcubed)**
6080 Center Drive, Suite 600, Los Angeles, CA 90045
- 19. Macias Consulting Group**
515 S. Figueroa Street, Suite 325, Los Angeles, CA 90071
- 20. Michael A. Phillips, CPA**
11500 West Olympic Blvd., Ste. 400, Los Angeles, CA 90064
- 21. Public Consulting Group**
180 Grand Ave., Suite 995, Oakland, CA 94612
- 22. Public Knowledge LLC**
1911 SW Campus Drive #457, Federal Way, WA 98023
- 23. R. Edward Beranek Accountancy Corporation**
150 Santa Anita Avenue, Suite 725, Arcadia, CA 91006
- 24. Robert L. Eichel Accountancy Corporation**
650 Sierra Madre Villa Avenue, Suite 202, Pasadena, CA 91107
- 25. Schafer Consulting**
9 Red Leaf Lane, Ladera Ranch, CA 92694
- 26. Scott Lewis and Associates**
2131 Hollywood Boulevard, Suite 208, Hollywood, FL 33020
- 27. Walker Accountancy**
8622 Bellanca Avenue, Suite P, Los Angeles, CA 90045
- 28. Walter R. McDonald & Associates, Inc.**
2720 Gateway Oaks Drive, Suite 250, Sacramento, CA 95833

* These firms have submitted proposals that need to be reviewed by the Auditor-Controller to ensure they meet the minimum requirements for as-needed contract audits/studies.

SAMPLE MASTER AGREEMENT



MASTER AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

CONTRACTOR

FOR

AS-NEEDED CONTRACT STUDIES AND AUDITS

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MASTER AGREEMENT BETWEEN
COUNTY OF LOS ANGELES
AND
CONTRACTOR
FOR
AS NEEDED CONTRACT STUDIES AND AUDITS

This Master Agreement and Exhibits is made and entered into _____, 2007 by and between the County of Los Angeles, (County) and CONTRACTOR, (Contractor), to provide the County with as-needed studies, management audits, and financial/compliance audits.

RECITALS

1. The County may contract with private businesses for Contract Services when certain requirements are met; and
2. The Contractor is a private firm specializing in providing studies, management audits, or financial/compliance audits, and
3. California Government Code Section 31000 authorizes the Board of Supervisors to contract for special services; and
4. The Board of Supervisors has authorized the Auditor-Controller to execute, administer, and amend (specifically where authorized) this Master Agreement.

The parties therefore agree as follows:

1.0 APPLICABLE DOCUMENTS

Exhibits 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10, are attached to and form a part of this Master Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, service, or other work, or otherwise between the body of this Master Agreement, sample Work Order documents and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the body of this Master Agreement and then to the Exhibits and specific Work Order documents according to the list immediately below.

- 1.1 Exhibit 1 Sample Work Order Request**
- 1.2 Exhibit 2 Sample Work Order**
- 1.3 Exhibit 3 Sample Statement of Work**
- 1.4 Exhibit 4 Master Agreement Administration**
- 1.5 Exhibit 5 Proposal and Report Writing Expectations**
- 1.6 Exhibit 6 Contractor's Obligations as a "Business Associate" Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA)**

- 1.7 Exhibit 7 Contractor Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement**
- 1.8 Exhibit 8 Contractor Non-Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement**
- 1.9 Exhibit 9 Individual's Assignment and Transfer of Copyright**
- 1.10 Exhibit 10 Schedule of Project Types and Billing Rates**

2.0 DEFINITIONS

The following terms are to be construed as indicated, unless otherwise apparent from the context in which they are used.

2.1 Contract Services

As-needed contracted studies, management audits, and/or financial/compliance audits, provided by Contractor to the County, under the terms of this Master Agreement and a Work Order.

2.2 County's Contract Administrator

The person authorized to execute this Master Agreement, Amendments, Extensions, Work Orders, and Work Order Amendments for the County as detailed in *Section 6.1.1, "County's Contract Administrator."*

2.3 County's Contract Manager

The person authorized to execute Work Order extensions for the County.

2.4 County's Project Manager

The person who shall manage an individual Work Order project, including the day to day interactions with the Contractor's Project Administrator and Project Manager; approve additional personnel, and all deliverables; and authorize short term extensions of Work Order.

2.5 Contractor Master Agreement Administrator

The Person representing the Contractor and authorized to sign the Master Agreement and amendments as detailed in *Section 6.2.1, "Contractor Master Agreement Administrator."*

2.6 Contractor Project Administrator

The Person representing the Contractor and authorized to submit proposals and sign Work Orders as detailed in *Section 6.2.2, "Contractor Project Administrator."*

2.7 County Fiscal Year

The period from July 1 of each year through June 30 of the following calendar year.

2.8 Day(s)

Calendar day(s) unless otherwise specified.

2.9 Inactive Status

Contractor will neither be sent Work Order Requests, nor be allowed to submit a proposal in response to a Work Order Request, for one or more project types.

2.10 Mandatory Completion Date

A project ending date set forth in the Work Order by which the project must be completed. The Work Order may contain liquidated damages adjustments to the Work Order Maximum Sum if a project is not completed by the Mandatory Completion Date

2.11 Master Agreement

The County's standard non-exclusive Agreement entitled "Master Agreement for As-Needed Contract Studies and Audits." The Master Agreement is separately executed between the County and individual Contractors and sets forth the terms and conditions for the issuance and performance of subsequent Work Orders, executed for the provision of Contract Services to the County.

2.12 Multi-Year Repetitive Projects

Certain Master Agreement projects that are repeated on a cyclic basis and are solicited for more than one cycle as detailed in *Section 3.5, "Work Order Process – Execution of Work Orders."*

2.13 Project Type

The type of Contract Services as set forth in the Work Order Request or Work Order as detailed in *Section 7, "Project Types and Requirements."*

2.14 Work Order Request (WOR)

The document used to solicit proposals for a given project. An example is shown in *Exhibit 1, "Sample Work Order Request."*

2.15 Work Order (WO)

A subordinate agreement executed under this Master Agreement, for the performance of tasks and/or deliverables described in the Work Order. No work shall be performed by Contractor except in accordance with a signed Work Order. An example is shown in *Exhibit 2, "Sample Work Order."*

2.16 Statement of Work (SOW)

A written description of tasks and/or deliverables desired by the County for a specific Work Order. The required work and deliverables shall be set forth in the Statement of Work with sufficient clarity and detail to enable the preparation of proposals, and the performance of the work by the selected

Master Agreement Contractor. An example is shown in *Exhibit 3, "Sample Statement of Work."*

3.0 WORK ORDERS

- 3.1** Under this Master Agreement, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in subsequent work orders.
- 3.2** All tasks, deliverables, services or other work performed by Contractor must have the prior written approval of the County. The Work Order, signed by the County Contract Administrator and Contractor Project Administrator shall serve as written approval for such work as defined in that Work Order.
- 3.3** Contractor will have no claim whatsoever against the County for any tasks, deliverables, services, or other work, provided by Contractor outside the scope of the signed Work Order, and anything so provided will be deemed a gratuitous effort by Contractor.

3.4 Work Order Process - Selection of a Contractor

The County will usually use the following competitive process for issuing Work Order Requests, selecting a Contractor, and executing Work Orders.

- 3.4.1** The County will send a Work Order Request to each Contractor that has a Master Agreement for the Project Type, and is not on Inactive Status.
- 3.4.2** The Work Order Request will identify Contractor's response requirements and the date Contractor's proposal is due to the County.
- 3.4.3** The Work Order Request will sufficiently detail the project's scope, objectives, and required deliverables to allow Contractor to fairly assess its ability to perform the project requirements and to develop the costs to complete the project.
- 3.4.4** Prior to the receipt and opening of proposals, the County will create an evaluation document and select the evaluation factors and assign weights to those factors according to the requirements of the individual project. Such factors may include some or all of the following, or other factors deemed relevant:
- Work Plan Quality
 - Response Time
 - Experience
 - Project Costs
- 3.4.5** The County will review and evaluate all proposals received by the assigned "Proposals Due" date. Any and all responses to a Work Order Request which do not precisely comply with the requirements set forth in the Work Order Request may be rejected at the sole discretion of the County Contract Manager.

- 3.4.6 When it is determined to be in the best interest of the County, proposals that arrive after the “Proposals Due” date, may or may not be considered for evaluation, solely at the discretion of the County Contract Manager.
- 3.4.7 From the remaining proposals, which are accepted for consideration, representatives of the Auditor-Controller, and possibly other County departments or impartial third parties, will evaluate and score each of the proposals.
- 3.4.8 The County Contract Administrator or designee may negotiate with the firms submitting proposals to select the firm that secures the best arrangement for the County.
- 3.4.9 In addition to the above competitive procedures, if the County determines it appropriate for the sake of efficiency, the County may provide notice and request responses from Master Agreement firms to qualify for a pool of Contractors to be involved in small projects. For each small project, a Contractor will be selected from this pool of Contractors on a random or rotating basis, or in some other equitable manner.
- 3.4.10 On rare occasions, when it is in the County’s best interest, and when obtaining services without soliciting bids is otherwise consistent with Los Angeles County Code Chapter 2.121, the County Contract Administrator may select a Contractor to perform a project, or may request responses only from a subgroup of Master Agreement Contractors, without offering a project to all Contractors qualified for a given project type. Such selection will usually be for one of the following reasons:
- Due to an extremely limited time frame for the project. Typically, this will be when directed to do so by the Board of Supervisors, or when an audit is required as soon as possible to assure continued funding for a County program.
 - To perform work of a limited nature, when a Master Agreement Contractor is in a unique position to perform such work, usually because of the Master Agreement Contractor’s specific expertise gained from a previous project.

3.5 Work Order Process - Execution of Work Orders

- 3.5.1 The County Contract Administrator will execute the Work Order with the Contractor Project Administrator of the selected firm. County and Contractor agree to regard their receipt of facsimile or electronic document representations (such as Adobe PDF) containing the signature of the authorized representative of the other party in the appropriate place, as sufficiently evidencing the other party’s execution of Work Orders or Work Order Amendments, and that documents bearing the original signature need not be provided.
- 3.5.2 Each Work Order will include an attached Statement of Work, which shall describe in detail the particular County project, the work required

for its performance, the deliverables, and any special requirements of the project.

- 3.5.3 It is the intention of the County to conduct a re-solicitation every three years for on-going multi-year projects. The County's Work Order will be for the initial year of the project. Additional one-year renewal options may be exercised by mutual agreement, in writing, of the County Contract Administrator and the Contractor Project Administrator. Such renewal options may be executed under a subsequent Master Agreement, if such future Master Agreement exists.

3.6 Work Order Process – Description of Services

- 3.6.1 In accordance with this Master Agreement and under each subsequent Work Order, Contractor shall provide the County with Contract Services.
- 3.6.2 The particular work will be detailed in individual Work Orders as the need arises. Reports delivered to the County must be prepared in accordance with requirements set forth in this Master Agreement and the individual Work Order.
- 3.6.3 Under the provisions of this Master Agreement, Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in each Work Order.
- 3.6.4 Contractor agrees that should work be performed outside the scope of any Work Order without the prior written approval of the County in accordance with *Section 8.3, "Change Notices and Amendments,"* the work shall be deemed to be a gratuitous effort on the part of Contractor, and Contractor shall have no claim against the County.
- 3.6.5 If Contractor finds that more than the agreed upon hours to perform the Contract Services under a Work Order are required, Contractor shall provide the staff and hours necessary to perform the Services, with no increase in the agreed upon Work Order Maximum Sum for such Services.

3.7 Report Quality Standards

Exhibit 5, "Proposal and Report Writing Expectations," contains a portion of the Auditor-Controller's Audit Division Operating Manual regarding "Written Communications." While the style of Contractor's writing may differ, the County expects Contractor's written communications to be of at least the same quality level as the reports produced by the County.

3.7.1 Findings

Contractor's reports should address all of the attributes discussed in Section II of *Exhibit 5, "Attributes of a Well Written Audit Finding."* Specifically, the following elements should be addressed for each finding:

- Condition
- Criteria
- Effect
- Cause
- Recommendation
- Benefit

3.7.2 Recommendations

Recommendations must be practical and attainable within the environment in which the department must legally and realistically operate. When recommendations involve major additions to or shifting of resources, Contractor must also identify alternative procedures and controls that can be implemented in the interim until such additions to or shifting of resources can be effected. Additionally, Contractor should attempt to identify opportunities to increase resources for implementing recommendations by: (1) increasing revenue, (2) reducing costs, or (3) re-allocating resources through an appropriate reordering of departmental operating priorities.

3.7.3 Draft Reports

Draft reports are for the purpose of discussing the issues, findings, and recommendations contained in the report. The draft reports should be fully reviewed, and all spelling and grammatical errors corrected prior to submitting the reports to the County.

3.7.4 Final Reports

The final report(s) should be signed and bound. Additionally, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF) format, with no security provisions, shall be delivered with the final report to the County Project Manager at the completion of the project.

Whenever possible, an auditee's response to the report should be included with the final report.

3.7.5 Repetitive Projects

On projects requiring multiple similar reports with standard formats, such as the monitoring of several service providers, once a procedural or formatting problem with the draft reports has been resolved, it should not recur on subsequent reports submitted to the County.

3.7.6 Sample Reports

The following four reports are examples of the quality that is expected of Contractor's reports. These reports will be considered the standard to which Contractor reports may be compared. These reports and others are available for review on the Auditor-Controller's web Site located at: <http://auditor.lacounty.gov/>

- **Management Audit Report**

Department of Community and Senior Services

Issued July 9, 2004, by a Master Agreement Contractor

http://auditor.lacounty.gov/Community and Senior Services/cms1_019851.pdf

- **Financial Compliance Audits of State Mandated Program Contracts**

Department of Public Social Services

Issued January 5, 2007, by a Master Agreement Contractor

http://auditor.lacounty.gov/Public Social Services/cms1_054480.pdf

- **Personal Involvement Center Contract Compliance Review**

Departments of Mental Health and Children and Family Services

Issued December 12, 2006, by the Auditor-Controller

http://auditor.lacounty.gov/Mental Health/cms1_053898.pdf

- **Monitoring of County Land Development Conditions**

Countywide

Issued September 9, 2006, by the Auditor-Controller

http://auditor.lacounty.gov/Countywide/cms1_049908.pdf

3.8 Contractor Personnel

3.8.1 Contractor shall offer qualified personnel, in response to the County's Work Order Requests, to satisfy the stated deliverable requirements as set forth in the Work Order Requests.

3.8.2 Contractor shall not replace or remove, without the prior written permission of the County Project Manager, personnel who have been approved by the County for a particular Work Order. Once personnel are assigned to a Work Order, those persons shall remain assigned until the Work Order is completed. This provision does not apply to instances of serious illness, death, employment termination, and other like causes beyond Contractor's control.

3.8.3 Where an employee of Contractor requests reassignment from a County Work Order, Contractor shall furnish the County with written notice of the request for reassignment and must not make a reassignment without the written approval of the County Project Manager. Contractor must provide the County with as much advance notice as is reasonably possible of termination of employment by an employee of Contractor for any reason. Contractor must use its best efforts to replace reassigned or terminated employees within five business days of the reassignment or termination.

3.8.4 The County has the absolute right, during the period of performance under a Work Order, to approve or disapprove any of Contractor's

assigned personnel or any proposed changes in Contractor's personnel, and to require replacement of Contractor's personnel under a particular Work Order. In each instance, Contractor shall provide the County Project Manager with a résumé of the proposed replacement(s) and an opportunity to interview the person(s) prior to the County giving its approval or disapproval.

- 3.8.5 Notwithstanding any other provision of this Master Agreement, the County Project Manager may reject any Contractor personnel at any time for any reason or for no reason whatsoever. In the event of any such rejection, Contractor shall propose substitute qualified personnel for the County's approval for the particular Work Order.

3.9 County Approval of Completed Work

- 3.9.1 All tasks, deliverables, services, or other work performed by Contractor for any Work Order issued under this Master Agreement must be approved in writing by the County Project Manager. The County Project Manager is responsible for the evaluation of Contractor's performance, including compliance with Work Order terms.
- 3.9.2 Approval or rejection of deliverables will not be unreasonably withheld and should not exceed four weeks from receipt of the deliverable by the County.
- 3.9.3 The County Contract Administrator will forward to the County Board of Supervisors, a copy of any evaluation report reflecting Contractor deficiencies that appear to jeopardize proper timely performance of the Work Order, or reflecting lower than expected quality of the Contractor's work. The report will include improvement/corrective action measures taken by the County and Contractor.

3.10 Reporting Suspected Fraud

At any time during the performance of any work under a Work Order, if the Contractor suspects fraud, employee misconduct or any other significant finding, the Contractor shall immediately notify County's Employee Fraud Hotline at <http://www.lacountyfraud.org/> or (800) 544-6861 and the County Contract Manager without contacting the auditee.

4.0 TERM OF CONTRACT

- 4.1 The term of this Master Agreement begins upon signing by both parties, and terminates on June 30, 2011, unless sooner terminated or extended, in whole or in part, as provided in this Master Agreement.
- 4.2 The term of this Master Agreement may be extended up to three additional two-year periods for a maximum total Contract term of approximately ten (10) years. Such extension shall be accomplished as specified in *Section 8.3.1, "Master Agreement Changes."*
- 4.3 This Master Agreement shall continue in full force and effect, until all Work Orders signed before the termination date of this Master Agreement, as

stated above, have been completed, or otherwise terminated, unless the parties, by written amendment, substitute the terms of a subsequent Master Agreement.

5.0 CONTRACT PAYMENT AND RATES

Contractor is not entitled to any payment by the County under this Master Agreement except under a signed Work Order.

5.1 NOT USED

5.2 Subject to the provisions of *Section 5.4 "Work Order Invoices, Approvals, and Payments,"* the maximum monetary amount payable to Contractor under this Master Agreement is the total of the maximum County obligations for all Work Orders, if any, executed between the County and Contractor.

5.3 Representative Position Titles and Hourly Billing Rates

Contractor's Position Titles and Hourly Billing Rates, set forth in this Master Agreement, are **representative only**, and do not limit the rates used in proposals for individual Work Orders. Contractor may increase or discount its rates in a proposal for a Work Order.

5.4 Work Order Invoices, Approvals, and Payments

5.4.1 The County will make progress payments to Contractor for Work Orders that exceed \$10,000 and are not completed within one calendar month. All invoices under this Master Agreement are to be submitted for approval and payment to the County Project Manager identified in the *Exhibit 4, "Master Agreement Administration."*

5.4.2 Contractor must invoice the County in arrears on a monthly basis, (separately for each Work Order) for providing the tasks, deliverables, services and other work under this Master Agreement.

5.4.3 Contractor must invoice the County for work performed at the rates set forth in each Work Order.

5.4.4 If Contractor finds that fewer than the agreed upon hours are required to complete a Work Order, Contractor shall invoice the County the lesser (actual) number of hours.

5.4.5 If Contractor finds that more than the agreed upon hours are required to complete a Work Order, Contractor must provide the staff and hours necessary to complete it, without invoicing any amount exceeding the agreed upon Maximum Sum for the Work Order.

5.4.6 Each invoice must include the following information:

1. The Master Agreement number and Work Order number under which the work was performed.
2. A unique invoice number.
3. The beginning and ending dates of the invoice period.

4. For each person working on the Work Order, including subcontracted personnel, if any:
 - Name
 - Job Classification
 - Hourly Rate
 - Hours billed in the invoice period
 - Dollar amount billed in the invoice period
 5. Total number of hours billed in the invoice period.
 6. An itemized listing of additional amounts billed.
 7. Total dollar amount billed in the invoice period.
- 5.4.7 The Contractor shall invoice the County for providing only the tasks, deliverables, services, and other work specified in a validly executed Work Order. The Contractor shall prepare invoices, which shall include the charges owed to the Contractor by the County under the terms of the executed Work Order. The Contractor's payments shall be based upon the hourly rates and other costs specified in the executed *Work Order's Attachment B, "Schedule of Project Costs,"* and the Contractor shall be paid for only the tasks, deliverables, services, and other work approved in the Work Order. If the County did not approve the work in the Work Order, no payment shall be due to the Contractor for that work.

5.5 Approval and Payment of Progress Payments

- 5.5.1 All invoices submitted by Contractor for payment must be submitted to the County Contract Manager, as specified in the Work Order, and Contractor shall be paid for only those tasks, deliverables, services and other work authorized in the Work Order. In no event shall the County be liable or responsible for any payment prior to such written approval.
- 5.5.2 The County's approval for payment will not be unreasonably withheld, and the County will make reasonable efforts to pay invoices within 30 days of receipt of properly prepared invoice. With the County Project Manager's approval, the County shall pay the invoice amount, less a withholding amount as described below, up to the Maximum Sum for the Work Order.
- 5.5.3 The County will usually withhold approximately 10% of each invoice or at a minimum, the last \$5,000 of the Maximum Sum for the Work Order.
- 5.5.4 For certain Work Order Projects, Contractor may be required to submit certain deliverables, subject to the County's approval, prior to payment beyond a specified percentage of the Maximum Sum for the Work Order. The Work Order Request will specify when such special requirements govern progress payments.

- 5.5.5 Notwithstanding the requirements of Section 5.8.2, based on findings resulting from monitoring the progress of a Work Order, if Contractor is not progressing satisfactorily toward completion of the project, the County Project Manager, at his/her sole discretion, may delay the payment of an invoice, or a portion thereof, beyond the time period specified in Section 5.5.2.

5.6 Approval and Payment of Final Invoice

Upon Contractor's timely submission, and the County's receipt and approval of all deliverable items identified in the Work Order, the County shall pay the remaining balances of the monthly invoices, including any previous withholding amounts, up to the Maximum Sum for the Work Order.

5.7 Liquidated Damages for Quality of Report Delivered

Contractor acknowledges and agrees that the County will rely upon Contractor to produce reports which meet quality standards prescribed in this Master Agreement and the Work Order. Where Contractor submits a report or deliverable of inadequate quality, the County's staff are required to engage in time consuming and expensive oversight and review which significantly detracts from staff's ability to carry out other duties. It would be impracticable and extremely difficult to ascertain in advance the amount necessary to compensate the County for the cost occasioned by reports of inadequate quality. Therefore, the County Contract Administrator, at his/her sole discretion, may reduce the County's contract obligation by up to 15% of the total Work Order Maximum Sum, or an amount agreed upon in the Work Order, whenever a report or deliverable is not of the prescribed quality.

5.8 Adjustments for Delays in Providing Report Deliverables

- 5.8.1 Based on findings of delays in providing report deliverables by the dates prescribed in a Work Order, the County Contract Administrator, at his/her sole discretion, may reduce the County's maximum obligation for the Work Order by the liquidated damages amounts set forth in the Work Order.
- 5.8.2 If a Mandatory Completion Date is specified in the Work Order, the County Contract Administrator, at his/her sole discretion, may reduce the County's maximum obligation for the Work Order by an amount set forth in the Work Order.
- 5.8.3 To avoid such reductions for failure to timely provide deliverables or meet mandatory completion dates, prior to the required due dates, Contractor must justify any delay and seek to negotiate a change to the Work Order in accordance with *Section 8.3.2, "Work Order Changes."*
- 5.8.4 The remedies specified in this Section 5.8 are nonexclusive remedies for delay in providing report deliverables. The County shall have any and all further remedies available to it that would otherwise arise from a material breach of this agreement.

6.0 ADMINISTRATION OF MASTER AGREEMENT

6.1 County's Administration

6.1.1 County's Contract Administrator

1. The County Contract Administrator is authorized to execute all Work Orders and amendments to them for the County under this Master Agreement.
2. The County Contract Administrator is authorized to place Contractor on Inactive Status, or return Contractor to active status, for one or more Project Types.
3. If a Contractor changes the form in which it does business (LLP, LLC, etc.), the County Contract Administrator may, in his/her sole discretion, execute an Amendment to this Master Agreement or execute a new Master Agreement. The County may require the Contractor to submit a new proposal.
4. The County Contract Administrator will designate a member of his/her staff as the County Contract Manager to serve as the County's liaison with Contractor.

6.1.2 County's Contract Manager

1. The County Contract Manager shall coordinate with the Contractor Project Administrator and Manager(s) as needed, and shall have the right at all times to inspect any and all tasks, deliverables, services, or other work performed by or on behalf of Contractor.
2. The County Contract Manager shall oversee Contractor's performance under this Master Agreement. The County Contract Manager shall be responsible for broadly monitoring all County projects and efforts that utilize Contract Services pursuant to this Master Agreement, including monitoring the performance of Contractor's personnel in completing each individual Work Order, and seeking to ensure that this Master Agreement's and individual Work Order's objectives are met.
3. The County Contract Manager may designate a County Project Manager to serve as the County's liaison with Contractor.
4. The County Contract Manager shall attempt to resolve disputes, if any, that arise during the course of completing a Work Order between the Contractor and the County Project Manager. If the County Contract Manager is not able to resolve the dispute, the County Contract Administrator shall resolve it.

6.1.3 County's Project Manager

1. The County Project Manager shall coordinate with the Contractor Project Administrator and Manager(s) on a regular basis, and shall have the right at all times to inspect any and all tasks,

deliverables, services, or other work performed by or on behalf of Contractor.

2. The County Project Manager will attempt to resolve disputes, if any, that arise during the course of completing a Work Order between the Contractor and the County.
3. The County Project Manager shall be responsible for providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.
4. The County Project Manager shall oversee Contractor's performance under a Work Order project; including monitoring the performance of Contractor's personnel and seeking to ensure that specific Work Order's objectives are met.
5. The County Project Manager will review all invoices and give approval prior to the payment.

6.2 Contractor's Administration

6.2.1 Contractor Master Agreement Administrator

1. The Contractor's Master Agreement Administrator, who shall be a full-time employee of the Contractor, is designated in *Exhibit 4, "Master Agreement Administration."* The Contractor must notify the County in writing of any change in the name or address shown.
2. The Contractor Master Agreement Administrator shall be responsible for Contractor's day-to-day activities as related to this Master Agreement, and may designate a Contractor Primary Liaison to the County to receive all communications from the County.
3. The Contractor Master Agreement Administrator may also designate an additional person(s) to receive the Work Order Requests for each project type for which Contractor is qualified.
 - a) The Contractor Master Agreement Administrator shall notify the County Contract Manager of the person(s) designated to receive the Work Order Requests for each project type.
 - b) Such notification shall include the person's name, title, address, telephone number, fax number, e-mail address, and project type(s).
 - c) Upon receipt of such notification of an additional person(s) to receive the Work Order Requests, the County will send all future Work Order Request for the specified project type(s).
4. In the response to each Work Order Request, the Contractor Master Agreement Administrator may designate a Contractor Project Administrator.

5. The Contractor Master Agreement Administrator, or designee, shall coordinate with the County Contract Manager or designee on a regular basis with respect to all active Work Orders.

6.2.2 Contractor Project Administrator

1. The Contractor Project Administrator, who may submit a proposal in response to a Work Order Request, must have actual authority to sign the Work Order, binding Contractor to perform each and every term, condition, and obligation set forth in such Work Order in accordance with this Master Agreement.
2. By designating a Contractor Project Administrator, Contractor represents and warrants that all requirements of Contractor have been fulfilled to provide such actual authority to the Contractor Project Administrator.
3. Each Contractor Project Administrator may designate a Contractor Project Manager who is responsible for the day-to-day activities related to the Work Order.

6.3 Progress Reports

To control expenditures and to ensure the proper and timely reporting of all tasks, deliverables, services, and other work provided by Contractor, after the initiation of each Work Order, and until the conclusion of such Work Order, Contractor shall provide the County Project Manager with written and oral progress reports at such times as specified in the Work Order.

6.4 Monthly Invoices for Progress Payments

To control expenditures and to ensure proper and timely reporting by Contractor, after the initiation of each Work Order, and until the conclusion of such Work Order, Contractor shall submit monthly invoices for progress payments as specified in *Section 5.4, "Work Order Invoices, Approvals, and Payments."*

6.5 Change of Address

- 6.5.1 Contractor shall notify the County of changes to its mailing address, telephone number, fax number or e-mail address.
- 6.5.2 If the County is unable to obtain timely response from Contractor either by telephone, fax, mail, or email, the County will place Contractor on Inactive Status and cease sending Contractor further notifications specified in this Master Agreement. At the County's sole option, the Master Agreement with Contractor may also be terminated in accordance with *Section 8.44, "Termination for Convenience."*
- 6.5.3 If a Contractor who has been placed on Inactive Status in accordance with Section 6.5.2, contacts the County Contract Manager and provides a current address and telephone numbers, the County will consider returning Contractor to active status, if all other qualifications are current.

6.6 Changes to Contractor's Staff

- 6.6.1 The Contractor shall notify the County within one business day when staff is terminated from working under this Contract.
- 6.6.2 The County may request that the Contractor's staff be immediately be removed from working on the County Master Agreement at any time during the term of the Master Agreement.
- 6.6.3 The Contractor's may propose additional staff. Such proposed staff must be approved by the County Project Manager in writing prior to their beginning work under this Master Agreement.

6.7 Confidentiality and Proprietary Considerations

- 6.7.1 The County and Contractor agree that all materials, data and information developed under this Master Agreement shall become the sole property of the County, provided that Contractor may retain possession of all working papers prepared by Contractor. During and after the term of this Master Agreement, the County shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein. For any specific Work Order, Contractor shall retain all materials, data, working papers and information developed and/or prepared by Contractor for a period of not less than five (5) years from the date of final completion of the Work Order.
- 6.7.2 The Public Records Act requires the public disclosure of most materials relating to County contracts, see *Section 8.35, "Public Records Act."* Any materials, data and information not developed under this Master Agreement, which Contractor considers to be proprietary and confidential, shall be plainly and prominently marked by Contractor as "Trade Secret," "Proprietary," or "Confidential." The County will use reasonable means to ensure that Contractor's proprietary and confidential materials, data and information are safeguarded and held in confidence. The County agrees not to reproduce or distribute such materials, data and information to non-County entities without the prior written permission of Contractor.
- 6.7.3 Notwithstanding any other provision of this Master Agreement, the County shall not be obligated in any way under Section 6.7.2 for:
 - 1. Any material, data and information not plainly and prominently marked with restrictive legends as set forth in Section 6.7.2.
 - 2. Any materials, data and information covered under Section 6.7.1.
 - 3. Any disclosure of any materials, data and information which the County is required to make under the California Public Records Act or otherwise by law.
- 6.7.4 Contractor shall protect the security of and keep confidential all material, data and information received or produced under this Master Agreement in accordance with all applicable federal, State or

local laws, ordinances, regulations and directives relating to confidentiality. Contractor shall inform all of its officers, employees, agents and Subcontractors providing services hereunder of the confidentiality provisions of this Master Agreement. Further, Contractor shall use whatever security measures are necessary to protect all such material, data and information from loss or damage by any cause, including, but not limited to, fire and theft. Additionally, if deemed necessary by the County, Contractor shall complete and submit the Confidentiality Agreement Forms contained in Exhibits 7 and 8 of this Master Agreement.

- 6.7.5 Contractor shall comply with the terms of any "Protected Health Information Disclosure Agreement" or similar document, which is specified in a Work Order Request and Work Order for a specific project.
- 6.7.6 Contractor shall not disclose to any party any information identifying, characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding data security in the County's computer systems or to any safeguard, countermeasure, contingency plan, policy or procedure for data security contemplated or implemented by the County, without the County's prior written consent.
- 6.7.7 The provisions of Sections 6.7.1, 6.7.2, 6.7.3, 6.7.4, 6.7.5, 6.7.6, and 6.7.7 shall survive the expiration or termination of this Master Agreement.

6.8 Background and Security Investigations

- 6.8.1 At any time during the term of this Master Agreement, the County may require that Contractor's staff performing work under a Work Order, undergo and pass, to the satisfaction of the County, a background investigation as a condition of beginning and continuing to work under this Master Agreement. The County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation.
- 6.8.2 If the Contractor's staff does not pass the background clearance investigation, the County may request that the Contractor's staff be immediately removed from working on the County Master Agreement at any time during the term of the Master Agreement. The County will not provide to Contractor or to Contractor's staff any information obtained through the County's background clearance investigation.
- 6.8.3 The County may immediately, at the sole discretion of the County, deny or terminate facility access to Contractor's staff that do not pass such investigation(s) to the satisfaction of the County whose

background or conduct is incompatible with the County's facility access.

- 6.8.4 Disqualification, if any, of Contractor's staff, pursuant to this *Section 6.8, "Background and Security Investigations*, shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Master Agreement.

7.0 PROJECT TYPES AND REQUIREMENTS

The following sections describe the types of projects, and the typical project objectives, which will be performed under this Master Agreement. Additionally, these sections set forth the **minimum professional requirements** and the standards that must be followed for each project type.

7.1 Studies

7.1.1 Overview

Studies include most projects, other than audits. Examples of studies include, but are not limited to, analyzing accounting or electronic data processing (EDP) systems, evaluating EDP contract proposals, establishing purchasing or materials management systems, implementing internal accounting procedures, advising management on specific financial and/or operational/administrative issues, performing specific cost studies, and performing accounting functions or special investigations.

7.1.2 Requirements for Studies

1. Experience

Contractor must have demonstrated expertise in performing similar projects.

2. Staff

Contractor must provide staff that collectively possesses the academic disciplines and experience to successfully complete the projects.

7.2 Management Audits

7.2.1 Overview

The objective of a management audit is to determine whether the County department or related organization is achieving the purposes for which the programs under management's control are authorized and funded, as established by the Board of Supervisors and/or other funding agencies.

Management audits will also determine whether departments and related organizations are achieving program results efficiently and effectively, the causes for any inefficient or ineffective practices, and whether the department under review has considered alternative

methods of operations and “Best Practices” that will yield the desired results at a lower cost.

Recommendations resulting from management audits must be practical and attainable within the environment in which the department must legally and realistically operate. When recommendations involve major additions or shifting of resources, Contractor must also identify alternative procedures and controls that can be implemented in the interim until such additions or shifting of resources can be effected. Additionally, Contractor should attempt to identify opportunities to increase resources for implementing recommendations by: (1) increasing revenue, (2) reducing costs, or (3) re-allocating resources through an appropriate reordering of departmental operating priorities.

7.2.2 Requirements for Management Audits

1. Experience

Contractor must have demonstrated expertise in auditing this type of project in accordance with the generally accepted auditing standards for conducting local government audits as stated in the Government Accountability Office’s Government Auditing Standards, (Yellow Book) latest revision issued by the U.S. Comptroller General.

2. Quality Control

Contractor must have a program to ensure that they meet the General Standards, as described in Chapter 3 of the Yellow Book, including qualifications, independence, due professional care, and quality control. As required by the fourth general standard, Contractor must have an independent, external quality control review (peer review) report issued within the last three years, and at least every three years thereafter.

3. Staff

Contractor must provide staff that collectively possesses the academic disciplines and management audit experience to successfully complete the projects. Additionally, staff must meet the Government Auditing Standards (Yellow Book) requirements, including 80 hours of continuing education every two years, at least 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

7.3 Financial/Compliance Audits

7.3.1 Overview

The primary objective of financial audits is the expression of an opinion on the financial statements of one or more funds of small to medium sized entities. In addition, for the County departments and entities related to the funds, other typical objectives include reporting on the study and evaluation of internal control, reporting on

compliance with the County's fiscal policies and procedures, reporting on accounting and budgetary problems and reporting on electronic data processing (EDP) systems and controls.

Compliance audits may include expressing an opinion on whether the financial results of operations are accurately reported and are presented in accordance with federal, State, and/or County requirements, etc.; and reporting on compliance with internal control requirements, contract provisions, etc. In addition, these audits may include monitoring of programs-in-progress provided by private sector vendors under contract with the County, and reporting on the accuracy and appropriateness of payments to them.

7.3.2 Requirements for Financial/Compliance Audits

1. Licensing

Contractor must be an independent public accounting firm, licensed by the State of California or have obtained California Practice Privilege from the California Board of Accountancy.

2. Experience

Contractor must have demonstrated expertise in auditing this type of project in accordance with the generally accepted auditing standards for conducting local government audits as stated in the Government Accountability Office's Government Auditing Standards, (Yellow Book) latest revision issued by the U.S. Comptroller General.

3. Quality Control

Contractor must have a program to ensure that they meet the General Standards, as described in Chapter 3 of the Yellow Book, including qualifications, independence, due professional care, and quality control. As required by the fourth general standard, Contractor must have an independent, external quality control review (peer review) report issued within the last three years, and at least every three years thereafter.

4. Staff

Contractor must provide staff that collectively possesses the academic disciplines and management audit experience to successfully complete the projects. Additionally, staff must meet the Government Auditing Standards (Yellow Book) requirements, including 80 hours of continuing education every two years, at least 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

7.4 Qualified Project Types

The Project Types that Contractor is qualified and approved to perform are set forth in Exhibit 10, "Schedule of Project Types and Billing Rates". To add Project Types, Contractor may submit a proposal to the County Contract

Administrator. If approved by the County, such additional Project Types shall be added to this Master Agreement by an amendment as specified in *Section 8.3, "Change Notices and Amendments."*

8.0 STANDARD TERMS AND CONDITIONS

8.1 AUTHORIZATION WARRANTY

The Contractor represents and warrants that the person executing this Master Agreement for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Master Agreement and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.2 BUDGET REDUCTIONS

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of the County's employees and imposes similar reductions with respect to the County's Contracts, the County reserves the right to reduce its payment obligation under this Master Agreement correspondingly for that fiscal year and any subsequent fiscal year during the term of this Master Agreement (including any extensions), and the services to be provided by the Contractor under this Master Agreement shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Master Agreement.

8.3 CHANGE NOTICES AND AMENDMENTS

8.3.1 MASTER AGREEMENT CHANGES

The County reserves the right to change any portion of the work required under this Master Agreement and any other provisions of this Master Agreement. All changes shall be accomplished only as provided in this Section 8.3.

1. To add additional Project Types as specified in *Section 7.4, "Qualified Project Types,"* an Amendment to the Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator.
2. The County Contract Administrator may at his/her sole discretion, authorize extensions of the term of the Master Agreement, as defined in *Section 4.0, "Term of Contract."* To implement an extension of the term, an Amendment to the Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator.
3. The parties to this Master Agreement may amend its terms as may be necessary to conform to law or policies of the County Board of Supervisors. To implement such changes, an Amendment to the

Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator.

4. Any change to this Master Agreement, other than those specified above, shall be accomplished with a negotiated Amendment to this Master Agreement executed by the Contractor Master Agreement Administrator and the County Board of Supervisors, unless specific authority is granted to the County Contract Administrator to sign such Amendment by the County Board of Supervisors.

8.3.2 WORK ORDER CHANGES

1. Any changes to a Work Order that modifies the Maximum Sum or makes significant changes in the scope of work must be accomplished by a Work Order Amendment executed by the Contractor Project Administrator and the County Contract Administrator.
2. Changes extending the period of performance under any Work Order for a period over one hundred eighty (180) calendar days, or extending a Mandatory Completion Date; and not affecting the Maximum Sum for a Work Order, require the written approval of the County Contract Manager.
3. Changes which singly or collectively extend the period of performance for a Work Order not more than one hundred eighty (180) calendar days, do not significantly change the scope of work (such as substituting one auditee for another in a project with multiple auditees); and do not affect the Maximum Sum for a Work Order, may be accomplished by written approval of the County Project Manager.
4. Any changes to Contractor's personnel provided under any Work Order must be accomplished by written notification from the Contractor Project Administrator to the County Project Manager, and acceptance of the change by the County Project Manager.

8.4 NOT USED

8.5 NOT USED

8.6 COMPLIANCE WITH APPLICABLE LAW

- 8.6.1 The Contractor must comply with all applicable federal, State, and local laws, rules, regulations, ordinances, and directives, and any provisions required by them to be included in this Master Agreement are deemed incorporated by this reference.
- 8.6.2 The Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of the Contractor or its employees, agents, or Subcontractors of any such laws, rules, regulations, ordinances, or directives.

8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Master Agreement or under any project, program, or activity supported by this Master Agreement. The Contractor shall comply with *Contractor's EEO Certification*.

8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM

8.8.1 Jury Service Program:

This Master Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, which is incorporated by reference into and made a part of this Master Agreement.

8.8.2 Written Employee Jury Service Policy

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more the County's contracts or sub-contracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any Subcontractor to perform services for the County under the Master Agreement, the Subcontractor shall also be subject to

the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If the Contractor is not required to comply with the Jury Service Program when the Master Agreement commences, the Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor shall immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Master Agreement and at its sole discretion, that the Contractor demonstrates to the County's satisfaction, that the Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this Section of the Master Agreement may constitute a material breach of the Master Agreement. In the event of such material breach, the County may, in its sole discretion, terminate the Master Agreement and/or bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.9 CONFLICT OF INTEREST

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Master Agreement, Work Order or any competing Master Agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Master Agreement. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- 8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Master Agreement. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to,

identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Section shall be a material breach of this Master Agreement.

8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the effective date of this Master Agreement to perform the services under it, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Master Agreement.

8.11 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS

8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Master Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, the County employees shall be given first priority.

8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor that has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business with only responsible Contractors.

8.12.2 County Code Chapter 2.202

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this Master Agreement or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in this Master Agreement, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time. Generally, the period will not exceed five years, (but may exceed five years or be permanent if warranted by the circumstances), and terminate any or all existing Contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board

1. If there is evidence that the Contractor may be subject to debarment, the County Contract Administrator will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the County Contract Administrator shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors. If Contractor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, Contractor may be deemed to have waived all rights of appeal.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the

debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.

5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 Subcontractors of Contractor

These terms shall also apply to Subcontractors of County Contractors.

8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

- 8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.
- 8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Master Agreement to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Master Agreement maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC §653a) and California Unemployment Insurance Code §1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure §706.031 and Family Code §5246(b).

8.15 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate the Contractor's performance under this Master Agreement during the performance of each Work Order. Such evaluation will include assessing the Contractor's compliance with all contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Work Order in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate the Work Order, this Master Agreement or impose other penalties as specified in this Master Agreement.

8.16 DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS

- 8.16.1 The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to the County's facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.
- 8.16.2 If the Contractor fails to make timely repairs, the County may make any necessary repairs. All costs incurred by the County, as determined by the County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

8.17 EMPLOYMENT ELIGIBILITY VERIFICATION

- 8.17.1 The Contractor warrants that it fully complies with all federal and State statutes and regulations regarding the employment of aliens and others, and that all its employees performing work under this Master Agreement meet the citizenship or alien status requirements set forth in federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.
- 8.17.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from and against any alleged employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Master Agreement.

8.18 FACSIMILE REPRESENTATIONS

The County Contract Administrator will execute the Work Order and any amendments to it with the Contractor Project Administrator of the selected firm. The County and the Contractor agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Work Order or amendments, and received via electronic communications facilities, as legally sufficient evidence that original signatures have been affixed to the Work Order Documents, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of the documents.

8.19 FAIR LABOR STANDARDS

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 GOVERNING LAW, JURISDICTION, AND VENUE

This Master Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all

purposes regarding this Master Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.21 INDEPENDENT CONTRACTOR STATUS

- 8.21.1 The Contractor shall at all times be acting in the capacity of independent Contractor. This Master Agreement is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.
- 8.21.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Master Agreement all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.
- 8.21.3 The Contractor understands and agrees that all persons performing work pursuant to this Master Agreement are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Master Agreement.
- 8.21.4 The employees and agents of each party, shall, while on the premises of the other party, comply with all rules and regulations of the premises, including, but not limited to, security requirements.
- 8.21.5 The Contractor shall adhere to the provisions stated in *Section 6.7, "Confidentiality and Proprietary Considerations."*

8.22 INDEMNIFICATION

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Master Agreement.

8.23 GENERAL INSURANCE REQUIREMENTS

Without limiting the Contractor's indemnification of the County and during the term of this Master Agreement, and prior to the signing of any Work Order under this Master Agreement, the Contractor shall provide and maintain, and shall require all of its Subcontractors to maintain, the following programs of

insurance specified in this Master Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at the Contractor's own expense.

8.23.1 Evidence of Insurance

Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to the County Contract Manager within two weeks of award of this Master Agreement, or at the discretion of the County Contract Manager prior to commencing services under any Work Order. Such certificates or other evidence shall:

- Specifically identify this Master Agreement;
- Clearly evidence all coverages required in this Master Agreement;
- Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;
- Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Master Agreement; and
- Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.23.2 Insurer Financial Ratings

Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII unless otherwise approved by the County.

8.23.3 Failure to Maintain Coverage

Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of this Master Agreement upon which the County may immediately terminate or suspend this Master Agreement. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and

without further notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

8.23.4 Notification of Incidents, Claims or Suits: Contractor shall report to the County

- Any accident or incident relating to services performed under this Master Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence.
- Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Master Agreement.
- Any injury report to a Contractor employee that occurs on the County's property. This report shall be submitted on a County "Non-employee Injury Report" to the County Contract Manager.
- Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of the County's property, monies or securities entrusted to the Contractor under the terms of this Master Agreement.

8.23.5 Compensation for the County's Costs

In the event that the Contractor fails to comply with any of the indemnification or insurance requirements of this Master Agreement, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

8.23.6 Insurance Coverage Requirements for Subcontractors

The Contractor shall ensure any and all Subcontractors performing services under this Master Agreement meet the insurance requirements of this Master Agreement by either:

- The Contractor providing evidence of insurance covering the activities of Subcontractors, or
- The Contractor providing evidence submitted by Subcontractors evidencing that Subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of Subcontractor insurance coverage at any time.

8.24 INSURANCE COVERAGE REQUIREMENTS

8.24.1 General Liability

Insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate: \$2 million

Products/Completed Operations Aggregate: \$1 million

Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

8.24.2 Automobile Liability

Insurance written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all “owned”, “hired” and “non-owned” vehicles, or coverage for “any auto”.

8.24.3 Workers’ Compensation and Employers’ Liability

Insurance providing workers’ compensation benefits, as required by the Labor Code of the State of California or by any other State, and for which the Contractor is responsible.

In all cases, the above insurance also shall include Employers’ Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

8.24.4 Professional Liability

Insurance covering liability arising from any error, omission, or negligent or wrongful act of Contractor, its officers, or employees with limits of not less than one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) aggregate. The coverage shall also provide an extended two-year reporting period commencing upon termination or cancellation of this Master Agreement.

The County Contract Administrator, in his/her sole discretion, may specify in a Work Order issued under this Master Agreement that Professional Liability Insurance coverage is not required.

8.25 NOT USED

8.26 NOT USED

8.27 NONDISCRIMINATION AND AFFIRMATIVE ACTION

8.27.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and State anti-discrimination laws and regulations.

8.27.2 The Contractor shall certify to, and comply with, the provisions of the Contractor’s EEO Certification.

8.27.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex,

age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- 8.27.4 The Contractor certifies and agrees that it will deal with its Subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 8.27.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Master Agreement or under any project, program, or activity supported by this Master Agreement.
- 8.27.6 The Contractor shall allow the County's representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Section 8.27, when so requested by the County.
- 8.27.7 If the County finds that any provisions of this Section 8.27 have been violated, such violation shall constitute a material breach of this Master Agreement upon which the County may terminate or suspend this Master Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Master Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Master Agreement.
- 8.27.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of the Master Agreement, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code §1671 as liquidated damages in lieu of terminating or suspending this Master Agreement.

8.28 NON-EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with the Contractor. This Contract shall not restrict the County from acquiring similar, equal or like services from other entities or sources.

8.29 NOTICE OF DELAYS

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) day, give written notice thereof, including all relevant information with respect thereto, to the other party.

8.30 NOTICE OF DISPUTES

The Contractor shall bring to the attention of the County Project Manager any dispute between the County and the Contractor regarding the performance of services as stated in this Master Agreement. If the County's Project Manager and Contract Manager are unable to resolve the dispute, the County Contract Administrator shall resolve it.

8.31 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

The Contractor shall notify its employees, and shall require each Subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.32 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each Subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available on the Internet at:

www.babysafela.org

8.33 NOTICES

All notices or demands required or permitted to be given or made under this Master Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in *Exhibit 4, "Master Agreement Administration."* Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The County Contract Administrator shall have the authority to issue all notices or demands required or permitted by the County under this Master Agreement.

8.34 PROHIBITIONS

8.34.1 Against Assignment and Delegation

1. Contractor shall neither assign its right nor delegate its duties under this Master Agreement, either in whole or in part, without the prior written consent of the County, except that claims for monies due or to become due from the County under this Master Agreement may be assigned to a bank, trust company,

or other financial institution. Any payments to any assignee of any claim under this Master Agreement shall be subject to set-off, recoupment, or other reduction for any claim that the County may have against Contractor. If Contractor is a partnership, this Master Agreement shall inure to the benefit of the surviving or remaining members of such partnership.

2. Any attempted assignment or delegation other than indicated in Section 8.34.1 without prior written consent of the County shall be null and void. For purposes of this Section, the County's consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at the County's sole discretion, against the claims, which the Contractor may have against the County.
3. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Master Agreement, such disposition is an assignment requiring the prior written consent of the County in accordance with applicable provisions of this Master Agreement.
4. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without the County's express prior written approval, shall be a material breach of the Master Agreement which may result in the termination of the Master Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.34.2 Against Inducement or Persuasion

Notwithstanding the above, the Contractor and the County agree that, during the term of this Master Agreement and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.35 PUBLIC RECORDS ACT

- 8.35.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to *Section 8.37, "Record Retention and Inspection/Audit Settlement,"* as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Master Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code §6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.
- 8.35.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.36 PUBLICITY

- 8.36.1 The Contractor shall not disclose any details in connection with this Master Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Master Agreement within the following conditions:
- The Contractor shall develop all publicity material in a professional manner; and
 - During the term of this Master Agreement, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County Contract Administrator. The County shall not unreasonably withhold written consent.
- 8.36.2 The Contractor may, without the prior written consent of the County, indicate in its proposals and sales materials that it has been awarded this Master Agreement with the County of Los Angeles, provided that the requirements of this Section 8.36 shall apply.

8.37 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Master Agreement in accordance with generally accepted accounting principles. In performing each Work Order, Contractor shall fully document all work efforts including the development of any materials prepared in connection with each task. Such documentation shall include, but not be limited to, the source of data, and schedules, narratives, and other work product supporting the conclusions reached and resultant recommendations.

The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Master Agreement

The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Master Agreement.

All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Master Agreement and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. Contractor shall keep such records for a longer period, if the County requests in writing an extension of the five-year period prior to the disposal of the records.

All such material shall be maintained by Contractor at a location located in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at Contractor's option, Contractor shall make such material available located in Los Angeles County within seven calendar days, or Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy or transcribe such material at such other location.

8.37.1 In the event that an audit of the Contractor is conducted specifically regarding this Master Agreement by any federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable federal or State law or under this Master Agreement. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.37.2 Failure on the part of the Contractor to comply with any of the provisions of this Section 8.37 shall constitute a material breach of this Master Agreement upon which the County may terminate or suspend this Master Agreement.

- 8.37.3 If, at any time during the term of this Master Agreement or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County Contract Administrator, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment.

8.38 REMEDIES

- 8.38.1 The remedies set forth in this Section 8.38 are provided for the County's benefit and use only, and are not exclusive but are in addition to the County's other rights and remedies set forth under this Master Agreement or otherwise by law.
- 8.38.2 If a Work Order is executed for performance of a project and Contractor is unable to furnish its proposed and approved personnel within seven calendar days of the Project Beginning Date as specified in the Work Order, then Contractor may be disqualified from the particular Work Order, and the County Contract Administrator, at his/her sole discretion, may consider Contractor to be in default of this Master Agreement and may determine that Contractor will be placed on Inactive Status for subsequent Work Order Requests.
- 8.38.3 If at the completion of a Work Order project, Contractor does not meet the mandatory completion date, and/or does not submit deliverables as defined in the Work Order Statement of Work, the County Contract Administrator, at his/her sole discretion, may consider Contractor to be in default of this Master Agreement and may determine that Contractor will be placed on Inactive Status for subsequent Work Order Requests.
- 8.38.4 Based on findings resulting from monitoring a Work Order in accordance with Section 8.38.3, if there are multiple small repetitive problems, or a single major problem, concerning the quality of deliverables from Contractor, the County Contract Administrator, at his/her sole discretion, may consider Contractor to be in default of this Master Agreement and may determine that Contractor will be placed on Inactive Status for subsequent Work Order Requests.
- 8.38.5 In the event Contractor defaults once or more under Sections 8.38.2, 8.38.3, or 8.38.4, the County may, at the sole discretion of the County Contract Administrator, terminate this Master Agreement.

8.39 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on Work Order projects.

8.40 SECTION HEADINGS AND CAPTIONS

Section and paragraph headings, as well as captions, used in this Master Agreement are for convenience only and are not a part of this Master Agreement and shall not be used in construing this Master Agreement.

8.41 SEVERABILITY

If any provision of this Master Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Master Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

8.42 SUBCONTRACTS AND JOINT VENTURES

8.42.1 The requirements of this Master Agreement may not be subcontracted by the Contractor without the advance approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Master Agreement and any approved subcontract shall be null and void.

8.42.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:

- A description of the work to be performed by the Subcontractor;
- A draft copy of the proposed subcontract; and
- Other pertinent information and/or certifications requested by the County.

8.42.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every Subcontractor in the same manner and to the same degree as if such Subcontractor(s) were the Contractor employees.

8.42.4 The Contractor shall remain fully responsible for all performances required of it under this Master Agreement, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.

8.42.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including Subcontractor employees, providing services under this Master Agreement. The Contractor is responsible to notify its Subcontractors of this County right.

8.42.6 The County Project Manager is authorized to act for and on behalf of the County with respect to approval of any subcontract and Subcontractor employees.

8.42.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all Subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.

8.42.8 Before any Subcontractor employee may perform any work under a Work Order, the Contractor shall obtain and maintain from each approved Subcontractor, certificates of insurance, which establish that the Subcontractor maintains all the programs of insurance required by the County. The Contractor shall make all such documents available to the County, upon request.

8.42.9 The County will not consider proposals from joint ventures.

8.43 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in *Section 8.14, "Contractor's Warranty of Adherence to County's Child Support Compliance Program,"* shall constitute default under this Master Agreement. Without limiting the rights and remedies available to the County under any other provision of this Master Agreement, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Master Agreement pursuant to *Section 8.45, "Termination for Default,"* and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202.

8.44 TERMINATION FOR CONVENIENCE

8.44.1 This Master Agreement and any Work Order issued hereunder may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.

8.44.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Master Agreement on the date and to the extent specified in such notice,
- Transfer title and deliver to the County all completed work and work in process, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.44.3 Submit to the County, in the form and with any certifications as may be prescribed by the County, its termination claim and invoice. Such

claim and invoice shall be submitted promptly, but in no event later than thirty days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, the County may determine on the basis of information available to the County, the amount, if any, due to Contractor in respect to the termination, and such determination shall be final. When such determination is made, the County shall pay Contractor the amount so determined.

- 8.44.4 The County and Contractor shall negotiate an equitable amount to be paid Contractor by reason of the total or partial termination of work pursuant to this Section 8.44, which amount may include a reasonable allowance for profit on work completed but shall not include any allowance on work terminated. The County shall pay the agreed amount provided that such amount shall not exceed the total Maximum Sum of individual Work Orders less any previous progress payments, and further reduced by the price of work not terminated.
- 8.44.5 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Master Agreement shall be maintained by the Contractor in accordance with *Section 8.37, "Record Retention & Inspection/Audit Settlement."*

8.45 TERMINATION FOR DEFAULT

- 8.45.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Master Agreement, if, in the judgment of the County Contract Administrator:
- Contractor has materially breached this Contract; or
 - Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
 - Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

In such event, copies of all finished or unfinished documents, data, and reports prepared by Contractor under this Master Agreement shall immediately be transferred to the County Contract Administrator.

- 8.45.2 In the event that the County terminates this Contract in whole or in part as provided in Section 8.45.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by

the County, as determined by the County, for such similar services. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this Section.

- 8.45.3 Except with respect to defaults of any Subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in Section 8.45.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a Subcontractor, and if such default arises out of causes beyond the control of both the Contractor and Subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this Section 8.45.3, the terms "Subcontractor" and "Subcontractors" mean Subcontractor(s) at any tier.
- 8.45.4 If, after the County has given notice of termination under the provisions of this Section 8.45, it is determined by the County that the Contractor was not in default under the provisions of this Section 8.45, or that the default was excusable under the provisions of Section 8.45.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to *Section 8.44, "Termination for Convenience."*
- 8.45.5 In the event the County terminates this Contract in its entirety due to the Contractor's default as provided in Section 8.45.1, the Contractor and the County agree that the County may have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred due to delays in procuring such services. In such case, the County is entitled to liquidated damages to the extent provided under the terms of the Work Order. Liquidated damages, if so provided, may be deducted from any amounts due to the Contractor by the County, whether under this Master Agreement or otherwise.

These liquidated damages, if any, shall be in addition to any credits, which the County is otherwise entitled to under this Master Agreement, and the Contractor's payment of these liquidated damages shall not in any way change or affect the provisions of *Section 8.22, "Indemnification."*

- 8.45.6 The rights and remedies of the County provided in this Section 8.45 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

8.46 TERMINATION FOR IMPROPER CONSIDERATION

- 8.46.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Master Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Master Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Master Agreement or the making of any determinations with respect to the Contractor's performance pursuant to this Master Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
- 8.46.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at 1-800-544-6861.
- 8.46.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

8.47 TERMINATION FOR INSOLVENCY

- 8.47.1 The County may terminate this Master Agreement forthwith in the event of the occurrence of any of the following:
- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
 - The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
 - The appointment of a Receiver or Trustee for the Contractor; or
 - The execution by the Contractor of a general assignment for the benefit of creditors.
- 8.47.2 The rights and remedies of the County provided in this Section 8.47 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

8.48 TERMINATION FOR NON-ADHERENCE TO COUNTY LOBBYIST ORDINANCE

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Master Agreement, upon which the County may in its sole discretion, immediately terminate or suspend this Master Agreement.

8.49 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Master Agreement, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Master Agreement during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Master Agreement in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Master Agreement, then this Master Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

Also, in the case of any multi-year Work Orders, or a Work Order spanning two fiscal years, the County shall not be obligated for Contractor's performance in the subsequent or future fiscal year unless and until funds for the Work Order project are appropriated. If such funds are not appropriated, the Work Order project shall be deemed Terminated for Convenience, as defined by *Section 8.44, "Termination for Convenience"* of this Master Agreement.

8.50 VALIDITY

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

8.51 WAIVER

No waiver of any breach of any provision of this Master Agreement by either party shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Master Agreement shall not be construed as a waiver thereof. No waiver shall be valid unless set forth in writing and signed by an authorized official of the party granting the waiver. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

8.52 WARRANTY

Contractor warrants and represents that all work completed under this Master Agreement will be in accordance with sound business practices,

procedures and standards. Contractor shall be responsible for the prompt correction of any errors, inaccuracies, incompleteness or omissions within the scope of this Master Agreement or subsequent Work Orders regardless of when they may be discovered.

8.53 WARRANTY AGAINST CONTINGENT FEES

8.53.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Master Agreement upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.53.2 For breach of this warranty, the County shall have the right to terminate this Master Agreement and, at its sole discretion, deduct from the Master Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.54 FORMER FOSTER YOUTH CONSIDERATION

Should Contractor require additional or replacement personnel after the effective date of this Contract to perform services set forth herein, Contractor shall give consideration (after laid off County employees, and GAIN/GROW participants) to qualified former foster youth. Contractor shall send notification for all appropriate job openings to:

County of Los Angeles
Department of Children and Family Services
Attention: Division Chief, Emancipation Services Division
3530 Wilshire Blvd., Suite 400
FAX: (213) 637-0036

9.0 UNIQUE TERMS AND CONDITIONS

9.1 NOT USED

9.2 CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE" UNDER THE HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT OF 1996 (HIPAA)

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under this Contract, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in *Exhibit 6* in order to provide those services. The County and the Contractor therefore agree to the terms of *Exhibit 6*, "Contractor's Obligations As a "Business Associate" Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA)."

The parties have executed an agreement whereby Contractor (also sometimes referred to below as Business Associate) provides services to the County (also sometimes referred to below as Covered Entity), and

Contractor may receive, have access to or create Protected Health Information in order to provide those services required under a work order executed pursuant to this Master Agreement. The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, and regulations promulgated under it, including the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations Parts 160 and 164 ("Privacy Regulations"). The Privacy Regulations require that this Agreement with Contractor mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Contractor if those contractual protections are not in place.

9.3 LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM

9.3.1 This Master Agreement is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise (SBE) Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

9.3.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local SBE.

9.3.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local SBE.

9.3.4 If the Contractor has obtained County certification as a Local SBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this Master Agreement/Work Order to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the work order amount and what the County's costs would have been if the work order had been properly awarded;
2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the work order; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply if the Contractor is no longer eligible for certification as a result in a change of their status and the Contractor failed to notify the State and the County's Office of Affirmative Action Compliance of this information.

9.4 OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT

- 9.4.1 The County shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "materials") which are originated or created through the Contractor's work pursuant to this Contract. The Contractor, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in the County all of the Contractor's right, title and interest in and to such original materials, including any copyright, patent and trade secret rights which arise pursuant to the Contractor's work under this Contract.
- 9.4.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's working papers prepared under this Contract. The County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.
- 9.4.3 Any and all materials, software and tools which are developed or were originally acquired by the Contractor outside the scope of this Contract, which the Contractor desires to use hereunder, and which the Contractor considers to be proprietary or confidential, must be specifically identified by the Contractor to the County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by the Contractor as "Propriety" or "Confidential" on each appropriate page of any document containing such material.
- 9.4.4 The County will use reasonable means to ensure that the Contractor's proprietary and/or confidential items are safeguarded and held in confidence. The County agrees not to reproduce, distribute or disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of the Contractor.
- 9.4.5 Notwithstanding any other provision of this Contract, the County will not be obligated to the Contractor in any way under Section 9.4.4 for any of the Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Section 9.4.3 or for any disclosure which the County is required to make under any State or federal law or order of court.
- 9.4.6 All the rights and obligations of this Section 9.4 shall survive the expiration or termination of this Contract.

9.5 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION

- 9.5.1 The Contractor shall indemnify, hold harmless and defend the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of the Contractor's work under this Master Agreement. The County shall inform the Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support the Contractor's defense and settlement thereof.
- 9.5.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that the County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, the Contractor, at its sole expense, and providing that the County's continued use of the system is not materially impeded, shall either:
- Procure for the County all rights to continued use of the questioned equipment, part, or software product; or
 - Replace the questioned equipment, part, or software product with a non-questioned item; or
 - Modify the questioned equipment, part, or software so that it is free of claims.
- 9.5.3 The Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by the Contractor, in a manner for which the questioned product was not designed nor intended.
- 9.5.4 Contractor shall indemnify, hold harmless and defend the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any United States Patent, Copyright, or Trade Secret disclosure arising from or related to the operation and utilization of Contractor's services to the County under this Master Agreement.

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IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles Auditor-Controller, by order of its Board of Supervisors has caused this Contract to be executed on its behalf the day and year first written above.

CONTRACTOR: (CONTRACTOR NAME)

By _____
Name

Title

COUNTY OF LOS ANGELES

Department of Auditor-Controller

By _____
J. Tyler McCauley
Auditor-Controller

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By _____
Thomas M. Tyrrell
Principal Deputy County Counsel

SAMPLE WORK ORDER REQUEST

COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER



J. TYLER McCAULEY
AUDITOR-CONTROLLER

(Work Order Request Number and Title)

Work Order Request Issued:	(Date)
Written Questions Due:	(Date)
Proposers' Conference:	(Date)
Proposals Due:	(Date)
Beginning Date:	(Date)
Report Due Date:	(Date)
Mandatory Due Date:	(Date)

I. LATE PROPOSALS

Proposals received after the Proposal Due Date will be considered for evaluation solely at the discretion of the County of Los Angeles (County), if they are determined to be in the best interest of the County.

II. PROPOSERS' CONFERENCE

A Proposers' Conference is scheduled for (time) on (date) at the following location:

Audit Division Conference Room
Department of Auditor-Controller
1000 South Fremont Avenue,
Building A-9 East, First Floor
Alhambra, CA 91803

III. QUESTIONS

Questions must be received no later than **NOON, (date) the day before** the Proposers' Conference. They should be emailed to:

contract.audits@auditor.lacounty.gov

The County will reply with an acknowledgement of receipt. The questions will be discussed at the mandatory Proposers' Conference.

IV. LIST OF ATTACHMENTS

Attachment A: Statement of Work
Attachment B: Work Experience Summary
Attachment C: (as needed)
Attachment D: Sample Work Order

V. AVAILABILITY OF DOCUMENTS

Arrangements to review copies of the following documents may be made by contacting (name) of the (department name) at (phone number). The documents will also be available for a brief review at the Proposers' Conference.

- Document Title (if applicable)
- Document Title (if applicable)

VI. SERVICES

The County is seeking a Contractor to provide the services described in detail in Attachment A, "Statement of Work." When selected to perform the services, the Contractor and the County will sign the Work Order, which will be substantially the same as the attached "Sample Work Order."

FOR MULTI-YEAR CONTRACTS ONLY

While the descriptions and dates in the attachments relate to the first year only, this Work Order Request is to obtain proposals for three program years. Proposers should assume the subsequent years would be comparable. It is the County's intention to award the Work Order to the selected Contractor for the first year only. By mutual agreement in writing, separate work orders or amendments may be executed for subsequent years.

VII. PROPOSER'S SKILL REQUIREMENTS

FOR STUDIES

The proposal must include personnel, using Subcontractors if needed (joint ventures are not allowed), who collectively possess the academic disciplines and experience to successfully complete this project. Experience with the services described in the Statement of Work is preferred.

FOR MANAGEMENT AUDITS

The proposal must include personnel, who collectively possess the academic disciplines and management audit experience to successfully complete this project in accordance with Generally Accepted Government Auditing Standards.

The proposal must clearly:

- A. Indicate the project team's knowledge, skills, and experience in the areas of management auditing, organizational structure, and statistical analysis. Show, for each of the assigned individuals, the education and previous projects that demonstrate their experience in applying such knowledge in large government organizations.
- B. Management audit or other experience with large entities, especially with the services described in the Statement of Work is preferred. The County anticipates that some firms may have to subcontract with individuals or firms that specialize in the specific areas of this project to complete their project teams.
- C. Indicate the Proposer's program to ensure continuing education requirements are met, including at least 80 hours every two years, 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

FOR FINANCIAL AUDITS

The Proposer must be an independent public accounting firm, licensed by the State of California or have obtained California Practice Privilege from the California Board of Accountancy.

The proposal must clearly:

- A. Include personnel, using Subcontractors if needed (joint ventures are not allowed), who collectively possess the academic disciplines and audit experience to successfully complete this project in accordance with Generally Accepted Government Auditing Standards.
- B. Describe the Proposer's program to ensure continuing education requirements are met, including at least 80 hours every two years, 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

VIII. PROPOSAL REQUIREMENTS

All proposals must be submitted in the format as described in this Section VIII. At the County's sole option, any nonconformity with this section may result in the proposal being rejected, or may result in a reduction of score in the evaluation process.

A. A Cover Page or Letter that includes:

1. The specific Work Order Request (WOR) by Title and Number.
2. The firm name and address.
3. The name and telephone number of the Project Administrator who is authorized to represent and bind the firm in contract.
4. A statement whether or not the firm is claiming the Local SBE Preference, as described in Section XIII. of this Work Order Request and the related County Code sections. To claim this preference, the Proposer must be certified by the County Office of Affirmative Action Compliance prior to the "Proposals Due" date for this Work Order Request.
5. A statement that the Jury Service Program's "Application for Exception and Certification Form," previously submitted to the County, continues to apply, or a statement that a new Form is being submitted with this Proposal. In addition, a form for each Subcontractor must be submitted. The Jury Service Program is discussed further in Section XIV.
6. A Conflict of Interest Statement clearly indicating whether a potential or real conflict of interest may exist. A conflict of interest may include, but is not limited to:
 - a. The Proposer has contracted with the auditee for other services.
 - b. The Proposer has previously advised the County in the area to be audited.
 - c. A person assigned to the project or their relative(s) may have a personal relationship with the auditee.

To give the County a basis for proper evaluation, all other Proposal Requirements should be followed as if no conflict exists. During selection of the Contractor, the County will address any conflicts of interest. Any proposal submitted with a conflict of interest may, at the sole discretion of the County, be rejected.

7. The name of the person representing the firm at the Mandatory Proposers' Conference.
- B. A Table of Contents, with all proposal pages numbered.
- C. A Detailed Work Plan identifying the Proposer's approach/methodology to be used to complete the Work Order project. Reference to or repetition of the scope, objectives, and requirements from the Work Order Request and Statement of Work does not constitute a "good

understanding" of the project and may result in a lowered ranking of the proposal.

1. The Work Plan should include the basic elements of a project (planning procedures, survey phase, fieldwork, etc.) and indicate flexibility to adjust as the project develops. It should also include the number of hours by person or by position for each of the basic elements in the Work Plan.
 2. The Work Plan should be sufficiently detailed to allow the County to determine the appropriateness of the proposed procedures and techniques to be used to research and document findings and to control the project and that the Proposer has a good understanding of the project scope, objectives and deliverable requirements.
 3. The Work Plan should be complete, yet concise. Supplementary procedures, methods, explanations and descriptions will assist the County in the evaluation of the proposal.
- D. A Timetable or Chart for completing the project, including dates for each of the following:
- Start of the project
 - Planning
 - Entrance conference
 - Project survey (for Studies and Management Audits only)
 - Delivery of a detailed work schedule
 - Fieldwork (both beginning and ending dates)
 - Progress reports
 - Delivery of the draft report
 - Exit conference
 - Delivery of the final report

The proposal's specified dates should assume that the project start date is the "Beginning Date" shown on the first page of this work order request.

- E. A Personnel Section including:
1. A list/chart specifically identifying the Project Administrator, Project Manager, supervisory personnel, and other key individuals.
 2. A Work Experience Summary (WES) and a résumé for each key individual identified above, including brief descriptions of projects that show the individual's experiences that satisfy Section VII, "Proposer's Skill Requirements."
 3. A description of the minimum qualifications for other professional staff that will be working on the project.

4. If subcontracted personnel are being proposed, the personnel should be specifically identified and included in the information requested above.
- F. Proposer's Experience/Capability Section, including:
1. A list of all contracts with the County within the prior three years; please include the following information for each contract:
 - County Department
 - Project/Objective
 - Amount of Contract
 - Dates
 - Contact Person and Telephone Number
 2. A list of all contracts within the prior three years that were cancelled or otherwise terminated prior to completion, or a declaration that none were cancelled or otherwise terminated prior to completion.
 3. An explanation of the Proposer's ability to provide alternative or additional personnel (managers, supervisors, staff, etc.) should such actions become necessary to complete the project in a timely manner.
- G. A Proposed Cost Schedule (for single year projects)
1. The schedule should list for each person (including subcontracted personnel):
 - Job classification
 - Hourly rate
 - Number of hours
 - Total labor cost for each person
 2. Additionally, the schedule should list any other expenses to be billed (parking, mileage, etc.) to arrive at the maximum total cost to complete the project. The required format is shown in Attachment B, "Proposed Cost Schedule."
 3. Proposals that do not clearly indicate a maximum total cost to complete the project may, at the discretion of the County, be rejected.

OR

- H. A Proposed Cost Schedule (for multi-year projects)
- The proposal shall set forth hourly rates and other expenses for each project year.
1. The schedule should list for each person (including subcontracted personnel):
 - Job classification
 - Hourly rate

- Number of hours
 - Total labor cost for each person
2. Additionally, the schedule should list any other expenses to be billed (parking, mileage, etc.) to arrive at the maximum total cost to complete the project for each of the three project years. The required format is shown in the (WOR) Attachment B, "Proposed Cost Schedule."
 3. For proposal purposes, for future years, Proposers should assume the same scope of work with the same Statement of Work with the same number of service providers, grants, or contracts for the same dollar amounts as the first year. If the scope of work, number of service providers, grants, or contracts, changes by more than 10%, the County and Contractor may negotiate a change in the Contractor's Maximum Total Costs for that year.
 4. Proposals that do not clearly indicate separate maximum total costs to complete the project for each of the three project years may, at the discretion of the County, be rejected.
 5. Although we will entertain all proposals, the Proposers should consider that *(only one of the below)*
 - the annual budget for this project is \$_____.
 - the previous Contractor was paid \$_____ to complete the project for the previous year, with approximately the same scope of work.
 - the project should not exceed _____ hours to complete.

IX. PROPOSAL SUBMISSION

The proposal must be prepared in the prescribed format, in an Adobe Portable Document File (PDF) format, with no security provisions, with the subject line of: "Firm Name - Proposal for Work Order Request No, ____" and submitted via email to:

Ms. Maria M. Oms
Assistant Auditor-Controller

Mailing Address:

1000 South Fremont Ave., Unit #51
Alhambra, CA 91803-4737

Delivery Address:

1000 South Fremont Avenue
Building A-9 East, First Floor
Alhambra, CA 91803

Attention: Mr. Kenneth Van Orden

Contract.audits@auditor.lacounty.gov

Additionally, send one hard copy of the proposal to the above address. This copy does not have to arrive by the proposal due date.

Proposals not prepared and submitted according to the specifications set down in this Work Order Request may, at the sole discretion of the County Contract Manager, be rejected without further consideration or if not rejected, may result in a lowered ranking of the proposal.

X. SELECTION CRITERIA

Proposals will be evaluated on one or more of the following criteria:

- (% amount) The thoroughness, appropriateness and innovativeness of the audit approach detailed in the work plan.
- (% amount) The experience of the staff to be assigned to the project.
- (% amount) The estimated hours and time period for completion.
- (% amount) The cost of performing the audit.

XI. CONTACT WITH COUNTY PERSONNEL

As of the issuance date of this Work Order Request and continuing until the final date for submission of proposals, except as described above, all of the County's personnel are specifically directed against holding any meetings, conferences, telephone conversations, or technical discussions with any potential Proposer regarding the Work Order Request., except as specified in Section III, Questions. At the County's sole discretion, any violation to this Section XI. may result in the rejection of the Proposer's proposal and may be considered a material breach of the Master Agreement.

XII. GRATUITIES

- A. It is improper for any County officer, employee or agent to solicit consideration, in any form, from a Proposer with the implication, suggestion or statement that the Proposer's provision of the consideration may secure more favorable treatment for the Proposer in the award of the contract or that the Proposer's failure to provide such consideration may negatively affect the County's consideration of the Proposer's submission.
- B. A Proposer shall not offer or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the contract. Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.
- C. A Proposer shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made to the County Auditor-Controller's Employee Fraud Hotline at 800-544-6861. Failure to report such a solicitation may result in the Proposer's submission being eliminated from consideration.

XIII. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM

In evaluating proposals, the County will give preference to a business that is certified by the County as a Local Small Business Enterprise (Local SBE), consistent with Chapter 2.204 of the Los Angeles County Code. A Certified Local SBE is a business: 1) certified by the State of California as a small business enterprise; 2) having its principle office currently located in Los Angeles County for a

period of at least the past 12 months; and 3) certified by Office of Affirmative Action Compliance as meeting the requirements set forth in 1 and 2 above. Certified Local SBEs must request the SBE Preference in the cover letter of each proposal and may not request the preference unless the certification process has been completed and certification affirmed. The County must verify Local SBE certification prior to applying the preference. Sanctions and financial penalties may apply to a business that knowingly, and with intent to defraud, seeks to obtain or maintain certification as a certified Local SBE.

Information about the State's small business enterprise certification regulations is in the California Code of Regulations, Title 2, Subchapter 8, §896 et seq., and is also available on the California Department of General Services Office of Small Business Certification and Resources Web site at:

<http://www.pd.dgs.ca.gov/smbus/default>

XIV. PROHIBITION OF RETROACTIVE CONTRACTS AND COST OVERRUNS

The County departments are responsible for ensuring that there are no retro-active agreements. This means that the selected Contractor will not be compensated for work performed prior to the issuance or commencement of the term of the Work Order. In no event shall Contractor be entitled to compensation exceeding the total authorized amount unless the County's Contract Administrator amends the Work Order in writing.

SAMPLE WORK ORDER

COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER



J. TYLER McCAULEY
AUDITOR-CONTROLLER

(Work Order Number and Title)

Beginning Date:	(Date)
Report Due Date:	(Date)
Mandatory Due Date:	(Date)

Project Title (Work Order Title and Number)

Project Dates

See the project dates on first page of this work order.

Master Agreement No. _____

Agreement entered into by and between the County of Los Angeles (hereafter referred to as "County") and FIRM (hereafter referred to as "Contractor") for Contract Services.

I. KEY PERSONNEL

County Contract Administrator: Mr. J. Tyler McCauley
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Contract Manager: Ms. Maria M. Oms
Assistant Auditor-Controller
1000 South Fremont Avenue, Unit #51
Alhambra, CA 91803-4737

County Project Manager: NAME ADDRESS PHONE FAX

Contractor Project Administrator: NAME FIRM NAME ADDRESS PHONE FAX

Contractor Project Manager: NAME FIRM NAME ADDRESS PHONE FAX

II. APPLICABLE DOCUMENTS

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. The Master Agreement, the Master Agreement Exhibits, the body of this Work Order, its attached documents (Work Order Attachments), and the Contractor's proposal dated DATE, which is incorporated herein by reference, shall constitute the complete and exclusive statement of understanding between the parties, which supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter of this Work Order.

III. INTERPRETATION

In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, service, or other work, between the documents, such conflict or inconsistency shall be resolved by giving precedence to the documents in the order they are listed in Section II, "Applicable Documents."

IV. SERVICES

The Contractor shall perform the Contract Services detailed in Attachment A, "Statement of Work" and further detailed in the Contractor's proposal.

V. PERSONNEL

The Contractor shall provide the personnel in the specified job classifications at the specified hourly rates in Attachment B, "Schedule of Project Costs". The Contractor shall not add or replace specified personnel without the prior written permission of the County Project Manager.

VI. MAXIMUM SUM AND PAYMENT

- A. The Maximum Sum that the County will pay the Contractor for all Contract Services to be provided under this Work Order shall not exceed AMOUNT IN WORDS and No/100 Dollars (\$ AMOUNT IN NUMERALS .00).
- B. The Contractor shall invoice the County monthly in arrears for Contract Services rendered. The Contractor shall invoice the County for work performed at the hourly rates set forth in the "Schedule of Project Costs". The invoice must reflect the following information:
 1. The Master Agreement No. and the Work Order No. under which the work was performed
 2. A unique invoice number
 3. Beginning and ending dates of the invoice period
 4. For each person working on the Work Order, including subcontracted personnel:
 - Name
 - Job Classification
 - Hourly rate
 - Hours billed in the invoice period
 - Dollar amount billed in the invoice period
 5. Total number of hours billed in the invoice period
 6. An itemized listing of additional amounts billed
 7. Gross dollar amount billed in the invoice period
 8. A (amount) percent reduction of the gross dollar amount billed
 9. Dollar amount due
- C. If the Contractor finds that less than the quoted NUMBER hours are required to complete this project, the Contractor shall invoice the County the actual (lesser) number of hours.
- D. If more than the quoted NUMBER hours are required, the Contractor agrees to provide the staff and hours necessary to complete this project in

accordance with Section IV., with no increase in the Maximum Sum for this Work Order.

- E. All invoices submitted by the Contractor for payment shall be submitted for approval to the County Contract Manager, and the Contractor will be paid only for those tasks, deliverables, services and other work so approved in this Work Order (Section IV.).
- F. Approximately 30 days following receipt of a complete and correct invoice, and with acceptable progress on the Work Order, the County will pay a progress payment based on the invoice amount, less a withholding of approximately 10% of each invoice or an amount to ensure that the minimum withholding is the last \$5,000.00.

OR

- G. Approximately 30 days following receipt of a complete and correct invoice, and with acceptable progress on the Work Order, the County will pay the invoice amount up to an amount based on the acceptable work completed. The following table indicates the maximum percentage of the Maximum Total Cost that will be paid upon the acceptance of the various deliverables.

<u>Deliverable</u>	<u>Percentage</u>
Detailed Work Schedule	(approx 10%)
Draft Audit Reports	(approx 50%)
Final Audit Reports	(approx 30%)
Receipt of all Deliverables, including a Management Letter, if any	<u>(approx 10%)</u>
Total	<u>100%</u>

- H. After all deliverable items identified in Attachment A, "Statement of Work," are received and are acceptable, the County will pay the remaining balances of the invoices up to the Maximum Sum of this Work Order.

OR

- I. If all deliverable items identified in Attachment A, "Statement of Work," are acceptable and received prior to the Mandatory Completion Date, the County will pay the remaining balances of the invoices up to the Maximum Sum of this Work Order.
- J. This Work Order requires strict compliance with the dates for completion and delivery of Key Deliverables, or with the Mandatory Completion Date, or both. Contractor acknowledges and agrees that County will rely upon Contractor to produce deliverables of adequate quality in a timely manner as prescribed in this Work Order because the consequences for the County and impact on other staff responsibilities are expected to be significant. It would be impracticable and extremely difficult to ascertain in advance the amount necessary to compensate County for the cost occasioned by Contractor submitting a Key Deliverable late, or of inadequate quality, or failing to meet the Mandatory Completion Date. The County Contract Administrator, at his

sole discretion, may reduce County's contract obligation by the amounts set forth below for any failure to timely produce a Key Deliverable of adequate quality or to comply with the Mandatory Completion Date.

Table 1 Key Deliverable Liquidated Damages Summary Table

Key Deliverables	Amount of Liquidated Damages per Day
Key deliverable number 1 [DATE]	\$XXXX
Key deliverable number 2 [DATE]	\$XXXX
[etc.]	
Mandatory Completion Date	\$XXXX

- K. All invoices for this Work Order must be mailed within two weeks following the invoice period to:

Ms. Maria M. Oms
Assistant Auditor-Controller
1000 South Fremont Avenue, Unit #51
Alhambra, CA 91803-4737

Attention: Mr. Kenneth Van Orden

VII. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING WORK ORDER EXPIRATION/TERMINATION

The Contractor shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Work Order. Should the Contractor receive any such payment, it shall immediately notify the County and shall immediately repay all such funds to the County. Payment by the County for services rendered after expiration/termination of this Work Order shall not constitute a waiver of the County's right to recover such payment from the Contractor. This provision shall survive expiration or other termination of this Work Order.

VIII. MANDATORY COMPLETION DATE

The Contractor shall provide all deliverables no later than the Mandatory Completion Date. The Contractor shall ensure all Contract Services have been performed by such date.

The Contractor acknowledges and agrees that the County will rely upon Contractor to produce timely reports and deliverables as prescribed in this Work Order, and that Contractor's failure to timely produce reports and deliverables will damage the County. Where Contractor submits a report or deliverable past the deadlines specified in this Work Order, it would be impracticable and extremely difficult to ascertain in advance the amount necessary to compensate the County for the cost

caused by the delay. The County Contract Administrator, at his/her sole discretion, may reduce the Work Order Maximum Sum by \$_____.

The reduction of the County's contract obligation set forth above is not to be construed as a penalty, but as an adjustment of payment to the Contractor for failure to complete and comply with the provisions of this Work Order. This provision does not restrict or limit the County's right to damages for any breach of Contractor's obligations under the Master Agreement or this Work Order, otherwise provided for by law, and shall not in any manner restrict or limit the County's right to terminate this Master Agreement or this Work Order.

IX. SIGNATURES

CONTRACTOR

(NAME OF FIRM)

By: _____

Name: _____

Title: _____

Date: _____

COUNTY OF LOS ANGELES

Department of Auditor-Controller

By: _____

J. Tyler McCauley

Auditor-Controller

Date: _____

SAMPLE STATEMENT OF WORK

Project Title

(Work Order Request Number and Title)

I. BACKGROUND

(This section is to contain information useful for the Contractor to prepare the original proposal and to perform the preliminary planning for the project, by briefly describing the auditee's/program's: mission, history, structure, workload, number and location of facilities and employees, dollar amounts of assets (e.g., cash, revenue, equipment), etc. The purpose of this information is to help the Contractor put the project into context - historical, organizational, budgetary, and political.)

(This section is to also indicate the level of visibility of the project [i.e., will the Board of Supervisors, the media, other governmental entities, the public, etc., be focusing on the project?] so that the Contractor will have a basis for the levels of oversight during the audit, scrutiny of the recommendations, and follow-up after the report. Also indicate the timing for releasing the final report if regulatory deadlines must be met or if legislation must be initiated to implement recommendations.)

II. SCOPE

(This section is to contain a general overall description, including the type of audit/project, the period to be reviewed, legal requirements to be followed, etc.)

In addition, the Contractor may be asked to perform other audits of _____. If this need arises, such additional audits will be negotiated as separate amendment(s) to the Work Order, pursuant to Master Agreement Section 8.3.2 and the hourly billing rates used in this Work Order.

III. OBJECTIVES

A. The Contractor will perform/examine/review. . . specific objectives (including procedures) required for the project, including management letter requirements.

IV. FRAUD REPORTING

At any time during the project, if the Contractor suspects fraud, employee misconduct or any other significant finding, the Contractor shall immediately notify the County's Employee Fraud Hotline at <http://www.lacountyfraud.org/> or (800) 544-6861 and the County Contract Manager without contacting the auditee.

V. FIELDWORK DELIVERABLES

- A. An Entrance Conference shall be held with the County no later than one week after the Beginning Date of the Work Order.
- B. A work schedule identifying the on-site review dates for each Service Provider shall be due no later than two weeks after the Entrance Conference is held.
- C. Monthly written progress reports shall be submitted to the County Project Manager for the duration of the project. Each report shall be submitted on the third workday of the following month. The County Project Manager shall monitor the progress reports to ensure successful completion of the Work Order within the schedule. The reports shall contain the following information:
 - 1. Overview of the reporting period
 - 2. Summary of project status as of the reporting date
 - 3. Tasks, deliverables, services and other work scheduled for the reporting period that were completed
 - 4. Tasks, deliverables, services and other work scheduled for the reporting period that were not completed
 - 5. Tasks, deliverables, services and other work completed in the reporting period that were not scheduled
 - 6. Tasks, deliverables, services and other work to be completed in the next reporting period
 - 7. Issues to be resolved
 - 8. Issues resolved
 - 9. Any difficulties encountered by the Contractor that could jeopardize the completion of the Work Order or milestones or deliverables within the schedule
 - 10. Updated work schedule
 - 11. Statement whether 75% of the Work Order Maximum Sum has been incurred.
 - 12. Any other information that the County may require from time-to-time
- D. Oral briefings between the Contractor and the County Project Manager to discuss the monitoring findings will be scheduled monthly on a date midway between the written progress reports. Additional oral briefings will be held, as requested by either party.
- E. The Contractor shall properly document the reviews in workpapers. The workpapers shall be made available to the federal, State, or County representatives upon request.

VI. REPORT DELIVERABLES

FINANCIAL/COMPLIANCE AUDIT

- A. NUMBER copies of the draft report shall be submitted to the County Project Manager by (date). An exit conference will be scheduled within two weeks of the date of the draft report.
- B. A final report will be submitted to the County Project Manager following the County's response to the draft report. Subsequently, the report will be transmitted to the County Board of Supervisors.

NUMBER copies of the final report, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF) format, with no security provisions, shall be delivered to the County Contract Manager at the completion of the project. The final report shall include:

Financial/Compliance Audit

1. Report on Examination of Financial Statements

The report shall:

- a. Set forth the scope of the examination, state that the audit was made in accordance with Government Auditing Standards, issued by the Government Accountability Office, as it pertains to financial and compliance audits and give an opinion on the financial statements.
- b. Include the financial statements customarily associated with such reports.
- c. Include such explanatory footnotes as considered necessary to disclose all material items.

2. Report on Compliance

The Contractor must report on the tests of compliance with applicable laws and regulations. The report shall contain:

- a. A statement of positive assurance on those items which were tested for compliance.
- b. A statement of negative assurance on those items not tested for compliance.
- c. A summary of all material instances of noncompliance and all instances or indications of illegal acts which could result in criminal prosecution.
- d. A summary of all costs questioned, if any, as a result of noncompliance.
- e. Recommendations for correcting instances of non-compliance.

3. Report on Internal Controls

The Contractor must report on the understanding of the entity's internal control structure and the assessment of control risk made as part of the financial/compliance audit. The report shall include:

- a. The scope of the Contractor's work in obtaining an understanding of the internal control structure and in assessing the control risk.
- b. The entity's significant internal controls or control structure including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and results of the financial/compliance audit.
- c. The reportable conditions, including the identification of material weaknesses, identified as a result of the auditors' work in understanding and assessing the control risk.
- d. Any conditions noted, which are contrary to the program guidelines and grant award.
- e. Any findings and recommendations for correcting any deficiencies and/or weaknesses disclosed in the report on internal controls.

4. Management Letter (If applicable)

The Contractor shall submit a final Management Letter and 30 copies. The Contractor shall identify any problems noted. The Management Letter should include specific recommendations for improvements in the problem areas noted, and the auditee's responses to the recommendations. In addition, the Contractor should note in the Letter any procedures, controls, etc., that result in superior performance by the auditee.

MANAGEMENT AUDIT

- A. The Contractor shall submit drafts of interim reports to the County Project Manager, if significant matters arise during the audit which require immediate attention by the County. The Contractor shall finalize interim reports as directed by the County Project Manager.
- B. NUMBER copies of the draft final report shall be submitted to the County Project Manager by (date). The issues addressed in any interim reports must also be included. An exit conference will be scheduled with the County Project Manager and the Department within two weeks of the date of the draft report.
- C. A final report shall be submitted to the County Project Manager ten days after the County's response to the draft report. NUMBER bound two-sided copies of the final report, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF)

format, with no security provisions, shall be delivered with the final report to the County Project Manager at the completion of the project.

D. The final report shall be addressed to the Auditor-Controller, County of Los Angeles, who will be responsible for distribution of the report to the appropriate parties. The report shall be written in a narrative style, be improvement oriented and not problem oriented, and shall include:

1. The audit scope, objectives, and methodology, with appropriate statements of any limitations or impairments.
2. A statement that the audit was performed in accordance with generally accepted government auditing standards, and any deviations described.
3. The Contractor's findings, with applicable recommendations, addressing non-compliance issues, problem areas, operational improvements, management control weaknesses, etc. If the Contractor recommends increases in resources (e.g., staffing, technology, etc.), the Contractor must include performance measures and other information necessary to justify the recommendation.

The recommendations should be:

- a. Based upon an appropriate description of the related criteria, condition, cause and effect,
- b. Classified according to order of priority for implementation, and
- c. Numbered to facilitate follow-up discussions.
4. Noteworthy accomplishments and strengths of the auditee.
5. The nature of any information that is prohibited from general disclosure by the County Project Manager.
6. The response to the report of the auditee's managers, including implementation plans.
7. Significant issues needing further audit work.

VII. SUBMISSION OF DELIVERABLES

All deliverables should be mailed or delivered to:

Ms. Maria M. Oms
Assistant Auditor-Controller

Mailing Address:
1000 South Fremont Ave., Unit #51
Alhambra, CA 91803-4737

Delivery Address:
1000 South Fremont Avenue
Building A-9 East, First Floor
Alhambra, CA 91803-4737

Attn: Mr. Kenneth Van Orden

MASTER AGREEMENT ADMINISTRATION

MASTER AGREEMENT NO. _____

COUNTY ADMINISTRATION

County Contract Administrator:

Mr. J. Tyler McCauley
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Contract Manager

Ms. Maria M. Oms
Assistant Auditor-Controller
Mailing Address:
1000 South Fremont Avenue, Unit #51
Alhambra, CA 91803-4737
Email: contract.audits@auditor.lacounty.gov

County Project Manager (assigned for each project)

Name, Title
Address
Phone, Fax, Email

CONTRACTOR ADMINISTRATION

Contractor's Contract Administrator

Name, Title
Address
Phone, Fax, Email

Contractor's Primary Liaison (if different than above)

Name, Title
Address
Phone, Fax, Email

Contractor's Project Administrator (specified in each project proposal)

Name, Title
Address
Phone, Fax, Email

Contractor's Project Manager (specified in each project proposal)

Name, Title
Address
Phone, Fax, Email

PROPOSAL AND REPORT WRITING EXPECTATIONS

I. PROPOSAL AND AUDIT REPORT QUALITY

The quality of a proposal and an audit report, like most products, can be measured. It is generally accepted that good proposals and audit reports must be accurate, clear, concise, timely, and have the proper tone. This Exhibit 5 provides the Auditor-Controller's guidelines for effective writing.

A. ACCURACY

Proposals and audit reports must be completely factual. All statements, figures and references must be based on the hard evidence or at least the best evidence available. All inferences, conclusions or auditor opinions that are not totally supported by hard evidence (but made on the best evidence available) must be so identified as such. Management must be able to identify those statements that are not (cannot) be supported by hard facts, so that they may draw their own conclusions. It is the auditor's job to persuade management to draw the same conclusions as the auditors, based on the evidence available.

Proposals and reports must also be precise. Imprecise words will only add confusion to the documents. For example, instead of "Only a few billings were processed on time", the auditor should identify specifically that "Of the 50 billings examined, 30 were processed three to six days late and 12 were processed seven to 20 days late." This will allow management to evaluate the seriousness of the problem in concrete terms.

B. CLARITY

Clarity means ensuring that the reader(s) gets out of the documents (interprets) exactly what the writer had in mind when the report was written. To achieve clarity, the writer must know the reader(s). He/she must know the background of the reader(s) to know how much background information and detail must be included in the report to ensure that the reader(s) will be able to clearly grasp what the writer is saying. The documents must be written in a format and language that the reader(s) understands.

C. CONCISENESS

Conciseness means eliminating unnecessary words and including only as much as is necessary to get the point across. However, it does not necessarily follow that a document must be short. Occasionally, a great deal of background information and detailed discussion is necessary to give the reader a clear picture of a problem or to be persuasive in recommending the solution.

D. TIMELINESS

The documents must be timely. An audit report is a request for action by management to correct weaknesses noted in current conditions. If the

report is not timely, conditions may change making the report meaningless.

For audits expected to take an extended period of time, it may be beneficial to issue interim progress reports, particularly in situations where immediate action by management is needed. Interim progress reports may be brief, covering only one or two areas. Progress reports should be labeled as such to ensure that management is aware that they are only progress reports and not the final report.

E. TONE

To increase the chances for management's acceptance, the report must have the proper tone. The report should be constructive, placing emphasis on needed improvements and not on criticisms of past performances. The report should not concern itself with immaterial matters, and it should not identify individuals or highlight the mistakes of individuals.

II ATTRIBUTES OF A WELL WRITTEN AUDIT FINDING

There are five basic attributes which are generally considered a necessary part of a well written audit finding: condition (what is happening), criteria (what should be happening), effect (so what), cause (why is it happening), and recommendation (what action should be taken). A sixth attribute, benefit (what positive things should result following proper implementation of the recommendation), is often the key factor in management's eyes and should also be a factor in the auditor's decision to make a recommendation. Each of these attributes is discussed below:

A. CONDITION (What is happening)

This is a statement of an existing condition which the auditor believes is deficient. It is a factual statement describing what was found. (There must be quantitative and qualitative evidence to support the finding.) All components of the statement of the condition found must be accurate, well documented, and worded as clearly and precisely as possible.

B. CRITERIA (What should be happening)

This is a statement indicating the criteria (rules, standards, etc.) used by the auditor when identifying a condition as being deficient.

The criteria may be:

- Written requirements - GAAP, published cost principles, federal and State rules and regulations, government codes, laws, etc.
- Opinions of experts.
- Prudent business practices.
- Managerial expertise.
- Organizational and program goals and objectives.

- Common sense - Warning, don't stray to far from authoritative sources. Common sense is allowable provided it is common.
- Verbal instructions.

C. EFFECT (So what?)

This is a statement indicating the actual or potential problems or losses resulting from the deficient condition. Whenever possible, the effect should be stated in terms; dollars (lost), time, productivity, number of transactions, etc. Where past effects cannot be evaluated or potential effects are more important, the potential effects should be stated.

Identifying the effect allows management to understand the significance of a weakness or deficiency. It also serves as a check on the overzealous auditor reporting immaterial findings - if the effect is not significant, it is often beneficial not to include the finding in the final report. The auditor who continually reports on petty findings will usually lose the respect and confidence of management.

Examples of possible effects include:

- Uneconomic or inefficient use of resources.
- Loss of potential income.
- Violation of law.
- Improperly spent funds.
- Inaccurate or meaningless records and information.
- Lack of or loss of control.
- Lack of assurance that the job is being done properly.
- Lack of assurance that goals or objectives are being met.

D. CAUSE (Why is it happening?)

This is a statement as to the reason(s) why the deficiency exists. The auditor must be careful that the cause identified is not superficial; the real, underlying cause at the heart of the matter must be identified. A constructive recommendation cannot be made unless the basic cause of the condition is identified.

Examples of identifiable causes are:

- Inadequate guidelines or standards.
- Lack of effective feedback devices.
- Lack of effective monitoring devices.
- Lack of communication.
- Unfamiliarity with requirements.
- Negligence or carelessness.

- Lack of resources.
- Conscious decision or instructions to deviate from requirements.
- Dishonesty.
- Failure to exercise good judgment.
- Unwillingness to change.
- Lack of planning, faulty or ineffective organizational arrangement or delegations of authority.

E. RECOMMENDATION (What action should be taken?)

The recommendation is the specific action being suggested to correct, eliminate or reduce the deficiency or weakness noted. The recommendation being made must be workable, reasonable, and not too rigid. It also must be specific, realistic, and helpful. The relationship between the cause of the deficiency noted and the recommendation being made to correct the weakness must be clear and logical. Finally, recommendations must be directed toward the level of management with the authority to take action.

F. BENEFIT (What positive things should result following proper implementation of the recommendation?)

The benefit to be derived by implementing a recommendation is the key to persuading management to take action. Unless management can be shown that there will be a significant benefit, they may be unwilling to make any changes. Changes of any sort often have a negative effect on employee morale and unless the benefit is perceived to be greater than the negative effects, management support may be limited or non-existent.

CONTRACTOR’S OBLIGATIONS AS A “BUSINESS ASSOCIATE” UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Under this Agreement, Contractor (“Business Associate”) provides services (“Services”) to the County (“Covered Entity”) and Business Associate receives, has access to, or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information (“the Privacy Regulations”) and the Health Insurance Reform: Security Standards (“the Security Regulations”) at 45 Code of Federal Regulations Parts 160 and 164 (“together, the “Privacy and Security Regulations”).

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree as follows:

1.0 DEFINITIONS

- 1.1 “Disclose” and “Disclosure” means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate’s internal operations or to other than its employees.
- 1.2 “Electronic Media” has the same meaning as the term “electronic media” in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.
- 1.3 “Electronic Protected Health Information” has the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

- 1.4 “Individual” means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 “Protected Health Information” has the same meaning as the term “protected health information” in 45 C.F.R. § 164.503, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information, whether oral or recorded in any form or medium, that (i) relates to the past, present, or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. “Protected Health Information” includes Electronic Health Information.
- 1.6 “Required By Law” means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 “Security Incident” means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 “Services” has the same meaning as in the body of this Agreement.
- 1.9 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate’s internal operations.
- 1.10 Terms used, but not otherwise defined, in this Section shall have the same meaning as those terms in the HIPAA Regulations.

2.0 OBLIGATIONS OF BUSINESS ASSOCIATE

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:
1. Shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;

2. Shall Disclose Protected Health Information to Covered Entity upon request;
3. May, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
 - a. Use Protected Health Information; and
 - b. Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Business Associate:

1. Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Section. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
2. Effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Non-Permitted Use or Disclosure that is made by Business Associate, its employees, representatives, agents or Subcontractors, but is not specifically permitted by this Agreement, and effective as of April 20, 2005, shall report to Covered Entity each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Covered Entity's HIPAA Privacy Officer within forty-eight (48) hours from the time the Business Associate becomes aware of the Non-Permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief HIPAA Privacy Officer, County of Los Angeles
Kenneth Hahn Hall of Administration
500 West Temple Street, Suite 410
Los Angeles, CA 90012
213-974-2164

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Section.
- 2.5. Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the Federal Department of Health and Human Services for

purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.
- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Business Associate agrees to maintain documentation of the information required to provide an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528, and to make this information available to Covered Entity upon Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for accounting of disclosures. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform its Services if such Disclosures are for either payment or health care operations purposes, or both. Additionally, such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures that were made prior to the compliance date of the Privacy Rule, April 14, 2003) and shall be provided for as long as Business Associate maintains the Protected Health Information.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to permit Covered Entity to respond to a request by an Individual

for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3.0 OBLIGATION OF COVERED ENTITY

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. The term of this Section shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.

- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

1. Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or
2. Immediately terminate this Agreement if Business Associate has breached a material term of this Section and cure is not possible; or
3. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the Federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

1. Except as provided in Section (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of Subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
2. In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Section shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and Subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or Subcontractor to comply with all the terms of this Agreement.
- 5.3 Relationship to Agreement Provisions. In the event that a provision of this Section is contrary to any other provision of this Agreement, the provision of this Section shall control. Otherwise, this Section shall be construed under, and in accordance, with the terms of the Agreement.
- 5.4 Regulatory References. A reference in this Section to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Section shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Section from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT, CONFIDENTIALITY AND COPYRIGHT ASSIGNMENT AGREEMENT

(any reference to Copyright Assignment would apply to Information Technology Work Orders only)

Note: As indicated in Section 6.7.4 of the Master Agreement, there may be occasions when the Auditor-Controller will require the use of this confidentiality agreement. Such occasions will be clearly stated in the respective Work Order Request document. When this agreement is required, this certification is to be executed and returned to the County with Contractor's executed Work Order. Work cannot begin on the project until the County receives this executed document.

Firm Name: _____

Work Order No.: _____ Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a Work Order with the County of Los Angeles (County) to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced Work Order. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced Work Order.

I understand and agree that I am not an employee of the County for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County by virtue of my performance of work under the above-referenced Work Order. I understand and agree that I do not have and will not acquire any rights or benefits from the County pursuant to any agreement between any person or entity and the County.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced Work Order is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future Work Order.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in the County's work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer _____

Page 1 of 2

Contractor Non-Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement (Con't)

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Work Order between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced Work Order. I agree to protect these confidential materials against disclosure to other than my employer or the County's employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this Work Order or termination of my employment with my employer, whichever occurs first.

COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above referenced Work Order, and all works based thereon, incorporated therein, or derived therefrom shall be the sole property of the County. In this connection, I hereby assign and transfer to the County in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the County, I agree to promptly execute and deliver to the County all papers, instruments, and other documents requested by the County, and to promptly perform all other acts requested by the County to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright in a form substantially similar to *Exhibit 9, "Individual's Assignment and Transfer of Copyright."*

The County shall have the right to register all copyrights in the name of the County of Los Angeles and shall have the right to assign, license, or otherwise transfer any and all of the County's right, title, and interest, including, but not limited to, copyrights, in and to the items described above.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT, CONFIDENTIALITY AND COPYRIGHT ASSIGNMENT AGREEMENT

(any reference to Copyright Assignment would apply to Information Technology Work Orders only)

Note: As indicated in Section 6.7.4 of the Master Agreement, there may be occasions when the Auditor-Controller will require the use of this confidentiality agreement. Such occasions will be clearly stated in the respective Work Order Request document. When this agreement is required, this certification is to be executed and returned to the County with Contractor's executed Work Order. Work cannot begin on the project until the County receives this executed document.

Firm Name: _____

Work Order No.: _____ Non-Employee Name: _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a Work Order with the County of Los Angeles (County) to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced Work Order. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced Work Order.

I understand and agree that I am not an employee of the County for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced Work Order. I understand and agree that I do not have and will not acquire any rights or benefits from the County pursuant to any agreement between any person or entity and the County.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced Work Order is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future Work Order.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in the County's work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer _____

Page 1 of 2

Contractor Non-Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement (Con't)

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Work Order between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced Work Order. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or the County's employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this Work Order or termination of my services hereunder, whichever occurs first.

COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above referenced Work Order, and all works based thereon, incorporated therein, or derived therefrom shall be the sole property of the County. In this connection, I hereby assign and transfer to the County in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the County, I agree to promptly execute and deliver to the County all papers, instruments, and other documents requested by the County and to promptly perform all other acts requested by the County to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright in a form substantially similar to *Exhibit 9, "Individual's Assignment and Transfer of Copyright."*

The County shall have the right to register all copyrights in the name of the County of Los Angeles and shall have the right to assign, license, or otherwise transfer any and all of the County's right, title, and interest, including, but not limited to, copyrights, in and to the items described above.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

INDIVIDUAL'S ASSIGNMENT AND TRANSFER OF COPYRIGHT

For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, _____, an individual ("Grantor"), does hereby assign, grant, convey and transfer to the County of Los Angeles, California ("Grantee") and its successors and assigns throughout the world in perpetuity, all of Grantor's right, title and interest of every kind and nature in and to all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types (including, without limitation, those items listed on Schedule A, attached hereto and incorporated herein by reference) developed or acquired, in whole or in part, under the Agreement described below, including, but not limited to, all right, title and interest in and to all copyrights and works protectable by copyright and all renewals and extensions thereof (collectively, the "Works"), and in and to all copyrights and right, title and interest of every kind or nature, without limitation, in and to all works based thereon, incorporated in, derived from, incorporating, or related to, the Works or from which the Works are derived.

Without limiting the generality of the foregoing, the aforesaid conveyance and assignment shall include, but is not limited to, all prior chooses -in-action, at law, in equity and otherwise, the right to recover all damages and other sums, and the right to other relief allowed or awarded at law, in equity, by statute or otherwise.

(Grantor's Name)

and Grantee have entered into County of Los Angeles Agreement Number _____ for _____, dated _____, as amended by Amendment Number _____, dated _____, {NOTE to Preparer: reference all existing Amendments} as the same hereafter may be amended or otherwise modified from time to time (the "Agreement").

Grantor's Signature

Date

Grantor's Printed Name: _____

Grantor's Printed Position: _____

SCHEDULE OF PROJECT TYPES AND BILLING RATES

Contractor:

Effective Date:

Project Types:

Studies
Management Audits
Financial/Compliance Audits

Personnel Billing Rates:

Contractor's Position Titles and Hourly Billing Rates, set forth in this Master Agreement, are **representative only**, and do not limit the rates used in proposals for individual Work Orders.

Job Classification

Hourly Rates

Additional Costs:

Rates

(Costs not shown are considered as included in the hourly rates above.)